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On Airbus, Washington Explains What It Wants

By Lawrence Malkin
Washington on Tuesday clarified and softened President Bill Clinton's warning on European subsidies to the Airbus aircraft consortium...

intention of abrogating the Airbus subsidy agreement it signed with the European Community in July. This assurance was contained in an overnight advisory sent by the State Department to all embassies to counter European press reports...

representative, Mickey Kantor, would press for a tighter code for civil aircraft subsidies covering engines and other components made not just by Community nations but also by Japan, Sweden and other advanced manufacturers...

Being said it was insisting on enforcement of this code. As for the Airbus agreement, the trade official said the administration would monitor much more closely the intricate financing methods by which European governments subsidize Airbus...

UN Chief Endorses U.S. Airdrop Plan
Administration Says Cargo Flights In Bosnia Won't Need Fighter Escorts

WASHINGTON — The United Nations secretary-general, Boutros Boutros Ghali, on Tuesday endorsed President Bill Clinton's proposal to parachute food and medicine into remote areas of Bosnia, after Mr. Clinton assured him that the operation would be fully coordinated with current UN relief operations...

alliance's military authorities are looking at ways of supporting the U.S. relief effort, the sources said, possibly by making aircrafts available or using NATO surveillance planes to monitor the operation.

Signs of Fragility Persist in U.S. Economic Recovery

WASHINGTON — Alan Greenspan, the chairman of the Federal Reserve Board, said Tuesday that the U.S. economy had strengthened, but he warned that it was too early to predict that recovery would continue.

the economy's recovery from recession. Mr. Clinton, addressing the U.S. Chamber of Commerce, said Tuesday that he hoped soon to announce changes in the way banks are regulated that would make it easier for Clinton talks to U.S. business.

Separately, the Conference Board, a non-profit business research group, reported from New York that its consumer confidence index fell to 68.5 in February from 76.7 in January.

Such an armed escort will apparently not be necessary because the planes will fly outside the range of anti-aircraft guns and because the Bosnian Serbian leadership will apparently be refusing its assent to the operation, which will drop supplies to Bosnian Serbian and Croatian villages, as well as Muslim ones.



The president addressing Boeing employees in Everett, Washington, as he warned on sales competition with Europe's Airbus. His backdrop was a new Boeing cargo jet.

Parachuting Relief Supplies: Can It Succeed in the Balkans?

SARAJEVO, Bosnia-Herzegovina — The American plans to airdrop relief supplies to besieged Muslims in eastern Bosnia could be risky for both aircrews and those who need the aid, officials said Tuesday.

"My own experience is anything over 400 meters and you're in trouble," said Larry Hollingworth, Sarajevo operations chief for the UN High Commissioner for Refugees.

'Chaos Gone Berserk' as Mobutu Holds On

KINSHASA, Zaire — Frederic Kibassa Maliba learned last month the painful price of opposing Zaire's dictator, Mobutu Sese Seko. On the first night of a rampage by disaffected army troops, soldiers loyal to Marshal Mobutu fired rockets at Mr. Kibassa's house, blasted their way inside and fatally shot his son.

the destabilization of his country. In the view of Zairian politicians, clergy, journalists, human rights activists and Western diplomats, Marshal Mobutu would rather see Zaire destroyed than surrender the tattered remains of his office.

the marshal. "He just wants power for power's sake. I think he's insane." [Zairian troops killed up to 30 people in a revenge shooting spree after a comrade was killed by angry Kinshasa residents, witnesses said Tuesday. Reuters reported that the panic broke out on Monday night when shooting erupted in Kinshasa's business center and the suburb of Kingasani.]

Inkatha Rejects South African Plan

JOHANNESBURG (Reuters) — A senior official of the Inkatha Freedom Party said Tuesday that it rejected proposals by the African National Congress and government on the transition to democracy.

Kiosk

Down Jones 19.72, Trib Index Down 0.48%, Russia's '91 coup leaders joined a pro-Communist Kremlin rally, Defense Secretary Aspin remained hospitalized, suffering from lingering bronchitis.

Hardened 'Lifers' Shed the Macho Mask

WALLKILL, New York — The men's movement, with its talk of warriors and kings, magicians and lovers as role models, may seem to be an unlikely comfort for an incarcerated group of murderers and robbers, macho-trippers and loners.

by relearning some forgotten ideas embodied in more positive mythic male roles. "Let us empty our minds of that whirlwind of chaos out there," the men's group prayed together, and it was not clear whether they referred to the prison cells just beyond their door or the world beyond the prison.

But the main quality in the men's movement's meeting here seems not so much individual braggadocio as a simple mutual attentiveness as each prisoner takes a turn discussing whatever is on his mind. They do so without benefit of the profane or swaggering argot of prison and often with a stress on responsibility that can sound strange in a maximum-security environment.

Entertainment

The Paris production of 'La Traviata' reaches new depths in gloom. Page 5. The EC is likely to set base prices for fish. Page 9. Choosy buyers start a revolution in Japan. Page 12.



A WATCH ON THE RHINE — As the Frankfurt Bourse celebrated the final uproarious day of Carnival before the Rhineland moves into Lent on Ash Wednesday, a costumed stock trader kept an alert eye on the share prices on Tuesday.

Palestinians Get Pressure to Resume Talks

JERUSALEM — The United States and Israel sought to persuade Palestinian negotiators on Tuesday to return to the Middle East peace talks and trust that their concern about Palestinian deportees would be resolved by Israeli actions in the future.

See MEN, Page 2

See AIRBUS, Page 8

See BOSNIA, Page 2

See CHRISTOPHER, Page 2

1991 Coup Leaders Join Moscow Rally Opposing Yeltsin

By Michael Dobbs
Washington Post Service

MOSCOW — Leaders of the abortive hard-line coup of August 1991 joined a noisy protest rally outside the Kremlin on Tuesday as Communists and hard-line nationalists stepped up the pressure against the government of President Boris N. Yeltsin.

Chants of "No to the Yeltsin dictatorship!" and "We will not surrender our socialist homeland!" echoed off the red brick Kremlin walls as thousands of pro-Communist demonstrators turned out to commemorate armed forces day, the biggest festival in the Soviet military calendar.

The rally coincided with a warning from the defense minister, General Pavel S. Grachev, against attempts by pro-Communist officers to exploit discontent within the armed forces.

Mr. Yeltsin, who is commander in chief of the armed forces, dismayed his supporters by staying away from a traditional wreath-laying ceremony outside the Kremlin. Aides said that the 62-year-old president was resting at his dacha outside Moscow.

It was the second year running that Communist groups have sought to mobilize their supporters on armed forces day, Feb. 23, which marked the founding of the Red Army in 1918. Last year, there were violent clashes with the police after the Moscow authorities refused permission for the demonstrators to march to the tomb of the unknown soldier. This year, the police allowed the demonstrators to approach the Kremlin walls.

Putschists who attended the rally included former Soviet prime minister, Valentin S. Pavlov, a former KGB chief, Vladimir A. Kryuchkov, a former defense chief, Oleg Baklanov, and a former ground forces commander, Valentin Varennikov. The alleged coup plotters were released from prison in January, pending the opening of their trial on April 18.

Since their release, many of the

putschists have been speaking out in television and newspaper interviews, accusing Mr. Yeltsin and former President Mikhail S. Gorbachev of destroying the Soviet superpower. Several have also resumed political activity, giving their blessing to attempts to relaunch the Communist Party, which was banned by Mr. Yeltsin after the August 1991 coup.

In a broadcast interview, General Grachev accused Communists and former nationalists of trying to "split the army" in order to achieve power in the country. He denounced attempts by military hard-liners to establish a pro-Communist "officers union" at a conference in Moscow last weekend.

"The command will not permit any split in military ranks," said General Grachev, whose opposition to the coup attempt earned him Mr. Yeltsin's trust. "The military wants stability."

Morale within the military has slumped over the past two years because of severe social problems and the loss of front-line units in the western republics of Belarus and Ukraine. Draft evasion has increased, with six out of every 10 Russians of conscript age failing to report for service. Corruption within military units is reported to be rife.

General Grachev told journalists that 3,000 officers, including two regional commanders, have been disciplined for corruption since the breakup of the Soviet Union in December 1991.

Georgians Warn Moscow

The Georgian leader, Eduard A. Shevardnadze, called Tuesday for Russia to withdraw its troops from Georgia's turbulent Black Sea provinces, Abkhazia and Adjara, and threatened a total mobilization, Reuters reported from Tbilisi, Georgia.

He told the legislature that if the troops did not leave, Georgians would have to "rise up with weapons in our hands to defend the country."



Muslim women praying Tuesday at a mosque in Sarajevo, the besieged Bosnian capital, as they began the observance of Ramadan.

Serbs Selling Arms to Somalia, U.S. Says

By Michael R. Gordon
New York Times Service

WASHINGTON — The United States believes that a shipment of Serbian arms is headed to Somalia, and Washington and its allies are making a diplomatic effort to block it, U.S. officials said.

The officials say they believe that the suspected sale of the Serbian arms is intended to raise cash to buy goods in violation of the United Nations embargo on trade with Serbia.

The officials said the shipment would be another indication that the Serbs have such an abundance of arms, despite the embargo, that they can afford to export weapons. It would also suggest that Greek shipping companies, long a source of concern, continue to violate the arms embargo. Additionally, it would show that there is continuing trade in small arms in East Africa, despite American efforts to gather up some of the arms there.

The ship is believed to be headed for Mombasa, Kenya, where the weapons are to be taken across the Kenyan border to Somalia. American officials said the vessel appeared to be off the coast of Africa.

The shipment of Serbian weapons to Somalia

would violate two UN embargoes, the ban on trading with Serbia and the prohibition on shipping arms to Somalia.

"We have approached the Greeks and the Kenyans to prevent this violation," a State Department official said.

Officials said the shipment would be another indication that the Serbs have such an abundance of arms, despite the embargo, that they can afford to export weapons. It would also suggest that Greek shipping companies, long a source of concern, continue to violate the arms embargo. Additionally, it would show that there is continuing trade in small arms in East Africa, despite American efforts to gather up some of the arms there.

A spokesman for the Greek Embassy in Washington said he had no information on the American request, but American officials said Athens had promised through diplomatic channels to cooperate.

Much attention has been focused on efforts to block the delivery of arms to the former Yugoslavia, but American officials said Serbian arms exports had also been a problem.

The Serbs have a substantial arms industry, and before the outbreak of fighting in the former Yugoslavia, Serbia was a major exporter of Soviet-designed weapons. Serbia also took over the extensive stockpiles of arms from the Yugoslav National Army. Unlike the Bosnian government, Serbia has an abundance of weapons and has been relatively immune from the effects of the UN embargo on arms shipments to the Balkans.

It is not clear for whom the reported shipment of Serbian arms is intended. Some Somali weapons have been confiscated, but American officials believe that Somali clans have hidden some of their weapons and that the arms shipment could be another means for the competing clans to gain an advantage.

BOSNIA: Can the Plan to Parachute Aid Succeed?

(Continued from page 1)

missiles and radar-guided anti-aircraft guns. If, as expected, the United States uses relatively slow C-130 transport planes to drop supplies, the relief flights will probably be protected by carrier-based fighters capable of knocking out ground weapons or tackling intercepting aircraft.

An alternative might be to reduce the risk by using high technology. The United States is considering the use of special forces to fly high-speed, low-altitude delivery missions under cover of darkness in planes equipped with terrain-hugging navigation radars, officials said.

A U.S. Air Force operations manual suggests that drops from 1,500 meters would miss their aim points by almost 2 kilometers, while drops from 3,000 meters would miss by about 4 kilometers.

General Michael Dugan, retired, who was air force chief of staff under President George Bush, said the high-altitude plan "smacks of attempting to make a project that has some risk, riskless."

"If we mean to be serious about delivering a significant amount of supplies and putting them on the right

location, then lower-altitude delivery in my view makes sense," he said.

General Dugan urged warning Serbian forces that they face retaliation if they attack U.S. aircraft.

The Americans parachuted tons of supplies to Kurdish refugees in the mountains of northern Iraq in 1991. Their operation saved hundreds of thousands of lives—but it proved that airdrops can be an imprecise science.

The first pallets, loaded with plastic bottles of water, were dropped over Ishkafara, the largest Kurdish refugee camp, in March 1991. The pallets, outfitted with parachutes that were too small, dropped too fast and the bottles exploded when they hit the ground.

Some refugees were crushed later when they raced to meet properly dropped pallets in other areas. Bosnia presents a far more hostile environment than northern Iraq. In the immediate aftermath of the Gulf War, Iraqi air defenses were destroyed and American air superiority was complete. While some Iraqi ground troops remained in the region, they were part of a defeated army in no mood to provoke attacks.

(Reuters, WP)

Serb Sneers At Move for War Court

The Associated Press

BELGRADE — Moves by the United Nations to set up a war crimes tribunal have triggered nothing but sneers from Serbs accused of atrocities in Yugoslavia's civil war.

"They will never get me," Vojislav Seselj, one of those listed by the U.S. State Department as a potential war criminal, has been quoted as saying. The United States has also identified President Slobodan Milosevic of Serbia, the Bosnian Serb leader Radovan Karadzic and seven other Serbian or Croatian military leaders or prison camp commanders as possible war criminals.

Mr. Milosevic has not reacted to the charge. But Mr. Seselj, leader of the Serbian Radical Party, and some others listed have ridiculed the possible war crime trials. "I'm proud of being on the same list as Karadzic and the other real Serb patriots," Mr. Seselj reportedly said.

The UN Security Council voted Monday to set up a war crimes tribunal to prosecute those accused of mass killings and rapes in the former Yugoslavia.

In Zagreb, Ljubo Antic, head of the Croatian parliament's Committee for Human and Minority Rights, said that Croatia supported the UN initiative. But he said it was uncertain what effects it would have. "I'm afraid that establishment of the international war tribunal will not serve as the expected deterrent," he said.

The convoys were seen by UN refugee officials as a test of Serbian promises to stop obstruction.

(NYT, AP, Reuters, AFP)

26 in Italy Are Jailed In Corruption Inquiry

Compiled by Our Staff From Dispatches

MILAN — At least 26 people, most of them businessmen, were arrested in northern Italy on Tuesday in the latest development in a corruption scandal that is shaking Italy's government and had already resulted in the arrests of two business leaders.

Tax policemen acting on warrants issued by Judge Aldo Celenzo in Verona began making the arrests Tuesday in Verona, Padua and Ferrara, court officials said.

Those arrested were not immediately identified, but according to news reports, most were businessmen suspected of corruption and of violating laws on political party financing. Two regional politicians were also taken into custody.

Court sources said those arrested had paid kickbacks to politicians to obtain public works contracts on the construction of a third lane on the Milan-Venice highway and on projects related to the 1990 World Cup soccer matches.

In Rome, Prime Minister Giuliano Amato, who reshuffled his cabinet over the weekend after the scandal forced the resignations of two ministers Friday, sought a vote of confidence in the new cabinet. A vote in the Chamber of Deputies was expected Thursday.

The prime minister said he had

decided to seek the vote because Italy was sliding into a "situation of confusion and political uncertainty which weighs down on the country and on financial markets."

He told deputies Tuesday either to support him or move to set up another government.

"If a government can be achieved by others," he said, "I would, in the interests of the country, be the first to agree. If this is impossible, then let the government that exists get on with its work."

He did not say what he would do if he lost the confidence vote. His 8-month-old coalition has a majority of just 16 in the 630-seat lower house.

But Achille Occhetto, head of the Democratic Party of the Left, the former Communist Party, said: "Amato wants a confidence vote? He won't be getting it from us."

Two senior executives of the industrial group Fiat SpA were arrested Monday in connection with the corruption scandal. Their arrests touched off heavy selling in Italy's financial markets.

Francesco Paolo Mattioli, chief financial officer of Fiat, and Antonio Mosconi, managing director of a major insurance group controlled by Fiat, were arrested in Turin.

(AP, Reuters)

MEN: Shedding the Macho Mask

(Continued from page 1)

requires men to mask their true selves and bury ever deeper their sense of responsibility.

Nasir Abdullah, doing 20 years in jail, agreed but said "all of society wears a mask," and lately the mask outside is looking scarier to him than the one required in prison. "I mean, I look at TV and for the first time in my life I'm scared of the street, scared of those people out there," he said, speaking of his Brooklyn home and the new ghetto culture of adolescent drug dealers in armed urban combat.

Thus did the conversation circle take off as the men sat in a plain prison conference room, with the sound of weightlifting occasionally clanging from next door.

DEATH NOTICE

OLIVE ERMINE PROUDFIT nee ELLSWORTH

organist, teacher and composer passed away in Pikeville, Kentucky on November 11, 1992. Born in McComb Mississippi on January 20, 1898 to Ezminie Marie Ellsworth nee Davis and Jeremiah Dolbere Ellsworth, she was a graduate of Sophie Newcomb College (Tulane University) in the class of 1920. Her life was one of work and achievement and she leaves a legacy of accomplished students and compositions ranging from songs for children to a symphony. Her sonatas, overtures and incidental music for orchestra are favorites. It will be of interest to genealogists that she was a Mayflower descendant (Allerton-Cushman) and a member of the D.A.R. (Captain Jonathan Cushman).

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CHRISTOPHER: Israeli Talks

(Continued from page 1)

with Mr. Christopher: "Under the present conditions, I don't think that the peace talks will resume. We have to try our best to change the conditions, particularly with the deportees."

Mrs. Ashrawi said the Palestinians wanted a declaration from Israel forswearing the use of deportations in the future and canceling the order under which the suspected Islamic activists were expelled.

Mrs. Ashrawi said the Palestinians also presented Mr. Christopher with detailed memos outlining their complaints about Israeli human rights abuses in the West Bank and Gaza Strip, including the demolition of houses with the use of anti-tank weapons and the increase in killings of children by Israeli soldiers.

The Palestinians also gave officials traveling with Mr. Christopher a letter from the Palestine Liberation Organization chairman, Yasser Arafat.

The talks Tuesday were designed to air the Palestinians' broader views.

A smaller group of negotiators is to meet with Mr. Christopher on Wednesday to discuss the peace

talks. Mrs. Ashrawi said the Palestinians welcomed suggestions from Mr. Christopher that the United States would get more deeply involved in the peace process than it had been.

Mr. Christopher's strategy has been to hold out the prospect of a gradual return of the deportees, while putting the Palestinians under pressure from Arab governments eager that the talks resume.

The U.S. campaign was aided greatly Sunday when Syria, the most hostile of the peace process participants toward Israel, signaled to Mr. Christopher that it would return to the talks if Israel made a significant gesture toward returning the deportees.

That enables Mr. Christopher to play on Palestinian fears that Syria and Israel might make a separate agreement on the Golan Heights, which was captured by Israel from Syria in 1967, and leave the Palestinians isolated and weakened in their hope of winning independence from Israeli occupation.

Mr. Christopher was met here by a large protest by Israelis against territorial concessions on the Golan Heights, and by violent clashes between Israeli troops and Palestinians in the Gaza Strip in which one person was killed by army fire and 20 were wounded.

UN Aide Asks Baghdad: Quit Lying

MANAMA, Bahrain (Reuters) — A United Nations inspector who left Iraq on Tuesday called on Baghdad to stop lying and obstructing the work of the UN special commission entrusted with overseeing the destruction of its big weapons systems.

The inspector, Nikita Smidovitch, a Russian, said the Iraqis treated problems for the team that he took on a lightning visit into Iraq on Monday in a search into the country's ballistic missile program. "I'm authorized only to indicate that there were problems," he told reporters in Bahrain, where the commission maintains a regional field office.

Mr. Smidovitch headed one of two teams of inspectors who monitored what some observers called the most intensive hunt so far for Iraqi missiles in Iraq but apparently failed to find any.

German TV Show No Hit With Tokyo

TOKYO (AFP) — Just three days before the visit of Chancellor Helmut Kohl of Germany to Tokyo, the Japanese government registered shock on Tuesday over a popular German television program that promotes a racist image of Japanese.

"The jokes are not in very good taste," Sadaaki Numata, a spokesman for Japan's Foreign Ministry, said, referring to the German television series "Moroki," which began airing this month. In the show, about a foul-mouthed Berlin retiree with a bias against East Germans, environmentalists and foreigners. Japanese have been referred to as "yellow monkeys" and "evil with thin eyes."

"Japan and Germany should see to it that good sense prevails," Mr. Numata said, underlining the show's possible impact on bilateral relations, particularly in the area of trade.

Ethnic Brawl Kills German Youth

ASCHAFFENBURG, Germany (Reuters) — A young German was stabbed to death Tuesday in a fight between a gang of Germans and foreigners that broke out after Carnival celebrations in Aschaffenburg, the police said.

They said the two groups were armed with knives and truncheons and threw bricks. One of the foreigners, who were believed to be from Albania or the former Yugoslavia, stabbed a 20-year-old local youth. Several others were slightly hurt, the police said.

Seventeen people were killed last year in a wave of attacks on foreigners by German rightist extremists. A 22-year-old German went on trial Tuesday in Rostock, charged with attempted murder in the worst anti-foreigner riots since Germany reunified in 1990.

Afghan Refugee Total Rises Anew

GENEVA (Reuters) — More Afghans are fleeing to Pakistan than are returning home under a year-old UN repatriation plan, and the reason is the worsening security situation, the United Nations' refugee agency said Tuesday.

"This is a major blow to us because it looks like repatriation is not going to go well," said Sylvana Foa, a spokeswoman for the UN High Commissioner for Refugees. "The security conditions are rather bad. We're seeing, for the first time in over a year, more refugees coming out of Afghanistan and back to Pakistan than are repatriating into Afghanistan."

More than 1,000 people have been killed and 6,000 wounded in a month of rocket and artillery exchanges between factions led by President Burhanuddin Rabbani and by Gulbuddin Hekmatyar, chief of the hard-line Islamic Party. The spokesman said that security had been deteriorating in Afghanistan since Feb. 1, when gunmen ambushed and killed three UN employees and a consultant in the eastern city of Jalalabad.

Patten Silent on Hong Kong Plan

HONG KONG (AFP) — Governor Chris Patten remained tight-lipped Tuesday about whether his package of political changes would be submitted to Hong Kong's legislative assembly this week. The initial plan was to have the package in the hands of local legislators before the end of February. But the dispute with China over the proposals has put this in doubt.

China has so far refused to discuss the package and wants it withdrawn, but with "talks about talks" reported under way, many leading Hong Kong personalities, business leaders and some legislators would like Mr. Patten to hold off debate on his proposals to see if London and Beijing can get together.

Members of the Executive Council, the governor's advisory body, met Tuesday but refused to give any hint to reporters about timing for the package. Under pressure from legislators, Michael Sze, secretary for constitutional affairs, is expected to make a statement Wednesday.

High Court Stiffens Stand on Perjury

WASHINGTON (AP) — The Supreme Court ruled Tuesday that federal judges must give longer sentences to defendants found to have lied on the witness stand. The court, ruling unanimously in a West Virginia case, said such stiffer penalties in federal cases were constitutional.

The ruling reinstates Sharon Duminigan's 51-month prison sentence on a cocaine-trafficking conviction. The trial judge had lengthened her sentence after ruling that she obstructed justice by lying when she testified in her own defense.

The 4th U.S. Circuit Court of Appeals threw out the sentence in 1991, saying it violated her constitutional rights. The prospect of a longer prison term could unfairly discourage defendants from testifying in their own behalf, the appeals court said.

For the Record

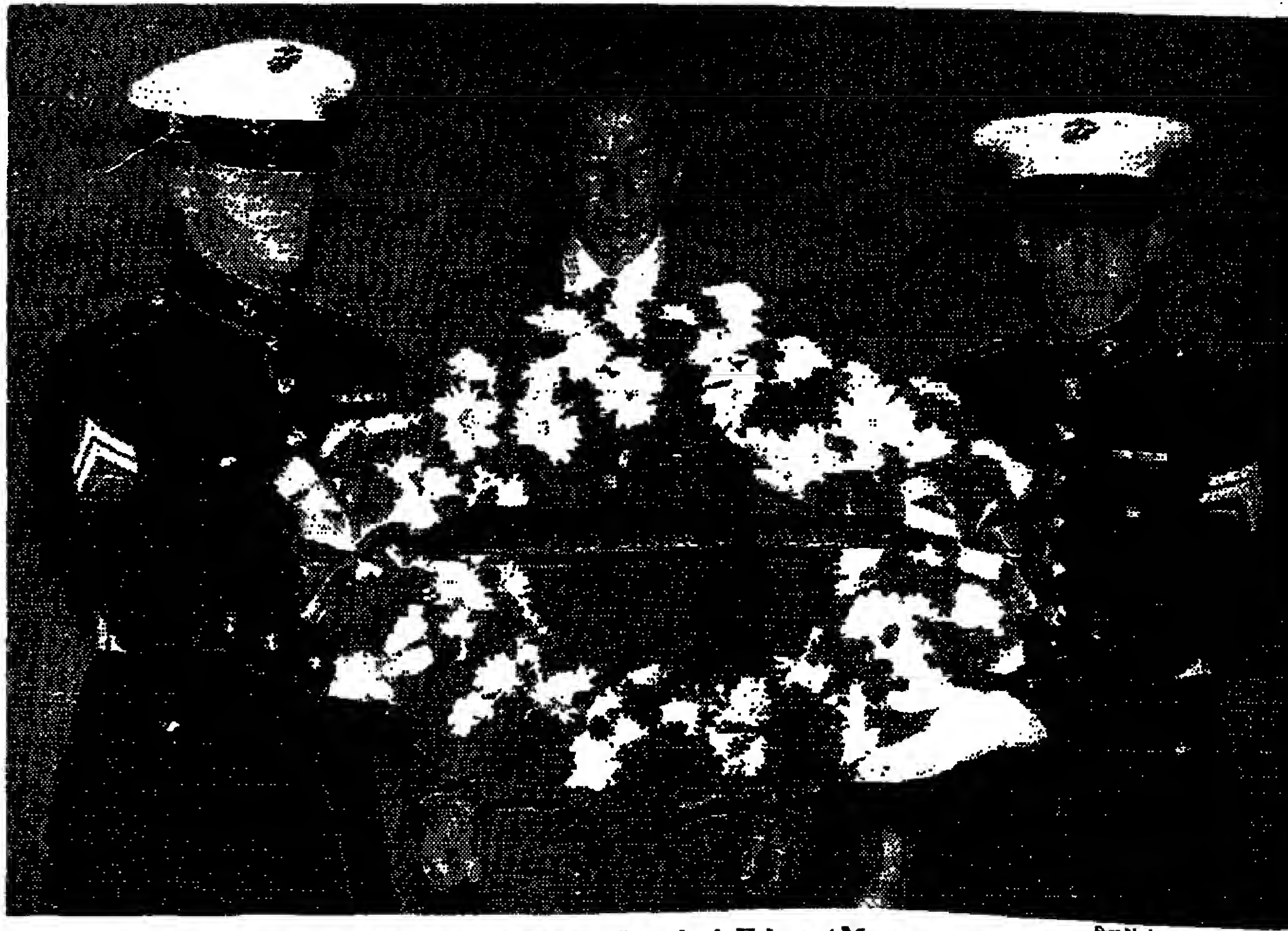
Manchester will hold the world championship chess final between Garry Kasparov and Nigel Short, the International Chess Federation said. The final, due to start in August, will run to a maximum of 24 games, with Mr. Kasparov retaining his title in the event of a 12-12 draw.

TRAVEL UPDATE

Snowstorms left hundreds of motorists stranded over 70 kilometers of the Berlin-Hannover autobahn Monday night. Many drivers slept in their vehicles, and were woken by police officers Tuesday with loudspeakers at dawn when the 12-hour jam began to ease.

Kurdish rebels threatened to attack Turkish tourist resorts to protest repression by the Ankara government and said vacationers would be in danger, according to a Kurdish group in Paris.

United Airlines has restored a 10 percent discount for travelers aged 62 or over. United is the latest U.S. carrier to shift back to such a policy on excursion fares. The discount also is available to a travel companion of any age. Excursion fares are those with restrictions such as advance purchase and length of stay, and are nonrefundable.



Secretary of State Warren M. Christopher laying a wreath in Jerusalem's Holocaust Museum on Tuesday, flanked by U.S. Marines.

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FIRST 100 DAYS / APPEAL FOR PARTNERSHIP

Clinton Tells Business of the Need for a New Agenda



Bill Clinton sporting his presidential flight jacket while he talked with reporters aboard Air Force One en route to Washington state.

POLITICAL NOTES

Tsongas's Aide Arrested on Fraud Charges

BOSTON — The chief fund-raiser for former Senator Paul E. Tsongas's campaign for the Democratic presidential nomination was indicted for defrauding the campaign of more than \$1 million in what the U.S. attorney's office here termed the largest case of campaign finance fraud in American history.

Hillary Clinton Cautions Against a Quick Fix

BOSTON — Hillary Rodham Clinton said the U.S. medical system would "kill us literally — financially, spiritually, morally and socially" unless it was restructured, but she also sought to lower public expectations that there would be any quick fixes.

Quote-Unquote

President Clinton: "Change is the way to make money, not throw people out of work." (AP)

By Robert C. Siner and Paul F. Horvitz

WASHINGTON — President Bill Clinton took his case for an American industrial policy to a bastion of business conservatism Tuesday, appealing to the U.S. Chamber of Commerce to support his program for a closer relationship between free enterprise and the federal government.

Away From Politics

A jury was chosen in the federal civil rights trial of four Los Angeles police officers accused of brutally beating a black motorist. The judge in the case, John G. Davies, refused to allow the defense to remove a longtime black resident of the Watts neighborhood from the jury.

Lingering Bronchitis' Keeps Aspin Hospitalized

WASHINGTON — Defense Secretary Les Aspin is suffering from a "lingering bout of bronchitis" that has aggravated the effects of his heart ailment, and he will remain hospitalized for a third night, a Pentagon spokesman said Tuesday.

Quote-Unquote

President Clinton: "Change is the way to make money, not throw people out of work." (AP)

Quote-Unquote

President Clinton: "Change is the way to make money, not throw people out of work." (AP)

Quote-Unquote

President Clinton: "Change is the way to make money, not throw people out of work." (AP)

AMERICAN TOPICS

Outdoor Interview in Winter, A Frequent Peril of Celebrity

A Washington Post editorial issues a brigid blast against outdoor television interviews in the winter. "This is not the capital of Beldia," the Post reminded the celebrities who stand still for such interviews.

Short Takes

New York City has plenty of statues, but the only ones of women honor Joan of Arc, Mother Goose, Gertrude Stein and Alice in Wonderland. Now Eleanor Roosevelt is about to join this tiny group.

Arthur Higbee

At most colleges, engineering students get plenty of theory but hardly any practice until their third or fourth year. Now the federal government's National Science Foundation is trying to change all this.

Clinton Offers Yeltsin Talks and a Rise in Aid

By Don Oberdorfer

WASHINGTON — Secretary of State Warren M. Christopher plans to tell his Russian counterpart Thursday that the Clinton administration is ready for an early start on a summit meeting, possibly by the end of March, and has decided to increase its assistance to Moscow despite an overall cut in U.S. foreign aid, according to a senior American official.

Paris 1st, 13th, 17th, 18th, 2nd, 6th, 8th, 9th, 10th, 11th, 12th, 14th, 15th, 16th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th. CARR'S, LE TON DE PARIS, LA VILLA CREOLE, L'ARBUCI, LE PROCOPE, COTE SEINE, YUGARAJ, THOUMIEUX, CHARLOT, AL GOLDENBERG, CHEZ FRED, DA MEO PATACCA, KERVANSARAY.

Liegenschaftsgesellschaft der Treuhandanstalt mbH (TLG) Potsdam Office. Am Bürohochhaus 2 · O-1581 Potsdam. In the name of the authorized property owners the TLG offers the following properties for sale: 1. TLG-Nr: 48205. O-1572 Potsdam, Ribbeckstraße 6/7. 2. TLG-Nr: 43693. O-1560 Potsdam, Burgstraße 30/31. A magnificent historic building, formerly the Royal Residential City of Potsdam, today capital of the province of Brandenburg.

As AIDS Sweeps Uganda, Orphans Take Charge

By Donatella Lorch

New York Times Service

LUTENGO, Uganda — Before Julius Keesya Kintu's father died of AIDS five years ago, Julius learned from him how to grow coffee, squash and cassava, whose root is Uganda's staple food. Together they patched up the family's hut.

Then, a few months ago, Julius's mother, sick with AIDS and unable to care for herself, left her children and traveled to her mother's home to die.

Now 13, Julius has become the head of the family, the oldest boy of the seven children left to survive on their own on the two hilly acres that yield their scant livelihood.

"My father taught me how to plant and my mother, she taught me discipline," said Julius, a thin wiry boy, his voice low and serious. "When I am older I want to be a doctor. I see so many people who are sick and they die before they even get to the hospital."

A decade after AIDS was first diagnosed in Uganda, the number of orphans surviving and schooling themselves is becoming an accepted part of society. The Government AIDS Commission estimates that AIDS-related deaths have left between 1.5 million and 2 million children without fathers (the legal definition of an orphan), of whom a majority have also lost their mothers.

The Kintu family is one of more than a hundred in this district led by a child 14 or younger.

The government has resisted setting up orphanages, saying it is economically and socially impractical. In a poor country where more than 85 percent of the residents farm, the aim is to keep orphans on their land — their only insurance for the future.

Orphans are but one of the many changes in the social fabric and traditions of this East African nation, one of the hardest hit by AIDS, as it struggles to cope — medically, emotionally, socially and politically — with an epidemic that continues to outrace prevention.

In Africa, as in much of the world, statistics on AIDS sometimes lack credibility, in large part because of inadequate reporting. Only 30 percent of Ugandans are in regular contact with health-care professionals.

Using 1988 projections, the government estimates that 9 percent of Uganda's 16.7 million people carry the virus. (The infection rate in the United States is estimated by the World Health Organization and others at 0.4 percent.)

In December, the Ugandan AIDS Control Program estimated about 38,500 cases of the disease, up 17,000 from the year before. But Godwill Asimwe-Okiro, an epidemiologist for the program, said the number might be closer to 380,000.

There are no figures available for the number of deaths.

Although its plague may be less widespread than the epidemics in other countries in Africa, Uganda has been the bellwether in acknowledging its problems and trying to deal with them. Over the past two years, the causes and treatment of AIDS have been demystified, and awareness of the epidemic has become widespread.

"New in Uganda virtually everyone knows they have been exposed," explained Norine Kaleeba, the founder and director of the AIDS Support Organization, which advocates the rights of people with AIDS throughout Africa. "It is self-awareness that has caused this. The question is, Have I caught it or not? It is not the blood-test results that are important; it is what you do. We all hope we can cope."

"Watching someone die of AIDS it is actually like watching a video of yourself. You wonder how long it will be before it is you, yourself."

The epidemic has changed aspects of Uganda's social life. Kampala's brothels have closed down, and truck-stop hotels on the main highways that a few years ago were teeming with prostitutes are now hurting for business. "Positive Living" and "Love Carefully" are seen on T-shirts, walls and newspapers, and the mottoes are preached from universities to thatch huts, from President Yoweri K. Museveni to farmers.

There are political repercussions, as well. The military, the backbone of the ruling party, has been hard hit, although there are no reliable statistics because testing has been limited. Epidemiologists estimate that at least 40 percent and possibly 80 percent of soldiers are infected with HIV. Now, as civil war has faded and more than 40 percent of the 90,000 men in uniform are being sent home, researchers worry that the infection rate will rise.

But in this intensely spiritual country, where two decades of civil war killed more than half a million people, the calamity of AIDS is often greeted with gentleness. There is very little guilt or blame over AIDS. The focus is very much on survival.

"I have never seen anyone fight death," said Sister Ursula Sharpe, director of the outpatient AIDS unit at Kitovu Hospital in Masaka, which serves more than 1,500 patients a week. "The spirit world here is very close. When you live in the middle of it, somehow you cope."

AIDS deaths touch every Ugandan family, mostly the young adults and breadwinners or very young children, and relief workers say fear and emotional exhaustion are overwhelming.

The average life span after one is infected with HIV is five years. Hospitals are overcrowded, and there is a large market in herbal medicines and in some cases witchcraft to treat the disease. AZT and other such drugs are not available; infected Ugandans have access only to antibiotics, aspirin and cortisone cream for skin rashes.

In the villages and towns, every plot of red earth and banana palms has burial mounds. Funerals, once several-day affairs in which whole villages took part, now take only several hours. The year traditionally allowed for a widow to mourn has been shortened to less than 24 hours, after which it is considered bad luck to grieve.

By the mid-1990s, the great majority of new AIDS cases in the world will occur in sub-Saharan Africa, where an estimated 20 million Africans will become infected, according to a State Department report in 1992. The epidemic is expected to substantially weaken the political elites and damage the economies of the hardest-hit countries — Uganda, Rwanda, Malawi, Botswana, Zambia and Zimbabwe — all of which have HIV infection rates that exceed 5 percent of their populations.

Mr. Asimwe-Okiro, of the Ugandan AIDS Control Program, said surveys in particularly hard-hit regions in southern Uganda showed that about 1 percent of the population was becoming infected with HIV each year.

"That's astronomical," he said, "and it might even be more than that."



A Marine corporal helping a 7-month-old to some nourishment Tuesday at a center in Mogadishu.

'Defanging' Somalia's Militias 'Tough to Find a Good Guy,' Sergeant Says

By Molly Moore

Washington Post Service

BEER XAANI, Somalia — First Sergeant Bill Killoran sat in the glow of the evening campfire, sipping tea and listening to a Phil Collins tape with the senior colonels of one of Somalia's most feared militias, men accused of pillaging villages and slaughtering the families of rival clans.

For the last week, Sergeant Killoran and seven other members of an elite U.S. Army Special Forces team have been living on the edge of a foul, snake-infested pond deep in the red Somali desert, where they have tried to get close to the inner circle of General Mohammed Said Hersi Morgan's top field commanders.

"We try to befriend them," Sergeant Killoran, 33, an engineer from McLean, Virginia, said of the ragtag Morgan militia. "They could turn on us anytime they want to — but if they did, they would have hell to pay."

Most U.S. Marines and soldiers have roared into Somali towns in noisy shows of force or rolled into the countryside as heavily armed escorts for relief convoys. But six Special Forces teams have slipped quietly into the desert on "defanging" missions, collecting intelligence on feuding warlords and waging intense, unpublicized efforts to prevent bloody clashes between warring clans.

Living on packaged military meals supplemented by wild birds and dik-diks — small antelope that populate the desert — the U.S. soldiers have established acaia tree lookout posts to spy on rival clans and monitor raiding parties. They

have scoured villages, pumping elders for details of troop numbers and locations, offering sacks of grain in return for cooperation and information.

"You don't just blow into a village, shake everybody down and lay them out in the street," said Major Lelon Carroll, commander of the Special Forces group assigned to Somalia. "We're trying to win hearts and minds and get information."

The Special Forces teams, whose members have received training in the Somali language and culture, also have found themselves acting as unofficial mediators and negotiators. And no situation has been more prickly than the standoff between General Morgan's forces and those of his archenemy, Colonel Omer Jess, over the strategic port town of Kismayu in southern Somalia. Each warlord claims the sprawling commercial center as his own, and they have been involved in a brutal tug-of-war over it.

While most other rival warlords have acquiesced to U.S. demands to cease their attacks, General Morgan and Colonel Jess have clashed repeatedly despite coalition efforts to block their raids. On Monday, in the latest fighting, seven Somalis were killed and 21 wounded when the rival forces battled for five hours in Kismayu, according to news agency reports.

After U.S. Army commanders dispatched attack helicopters to break up a Morgan-Jess battle outside Kismayu three weeks ago, Special Forces teams were sent into the desert near this abandoned crossroads village 55 kilometers north-west of Kismayu to monitor the

movements and collect intelligence on the two clan militias.

"They're very cordial," said Chief Warrant Officer Ron McNeal, head of the eight-member Special Forces team whose home base is Fort Campbell, Kentucky, the day his men joined the Somali encampment. "They're using us to try to have a voice."

General Morgan is perhaps one of the most despised Somali warlords in the eyes of American officials here. The U.S. special envoy, Robert B. Oakley, has publicly decided him as a cold-blooded murderer and has refused to meet with him.

General Morgan has accused the Americans of siding with Colonel Jess in the battle for Kismayu. When U.S.-led coalition forces arrived there, Colonel Jess happened to be in control of the city. The foreign forces stepped into the fray and ordered both sides not to move. Consequently, Colonel Jess's loyalists are living in the city and General Morgan's forces are consigned to camps outside town.

"It's really tough to find a good guy," said Sergeant Carroll of the Special Forces. "Each one has his own type of atrocities. It's ugly."

Fighting Delays Pullout

The Pentagon said Tuesday that the violence in Kismayu would delay the withdrawal of U.S. troops from Somalia. Reuters reported from Washington.

In Mogadishu, the U.S.-led coalition gave General Morgan midnight Thursday to pull his forces out of Kismayu or face a showdown with coalition troops.

India Rounds Up Hindu Party Activists

Compiled by Our Staff From Dispatches

NEW DELHI — The police launched a nationwide crackdown on activists of the main Hindu revivalist opposition party on Tuesday as Indian troops poured into New Delhi to prevent the group from holding a huge rally.

L. K. Advani, the leader of the Hindu fundamentalist Bharatiya Janata Party, accused the government of imposing an "undeclared emergency" by arresting tens of thousands of his followers.

"It is the legitimate right of a political party to hold a rally," he declared. "Why is our rally banned? What is the government afraid of?"

Parliament adjourned briefly in uproar as Bharatiya Janata legislators threw paper balls and chanted accusations that the government of Prime Minister P. V. Narasimha Rao was "murdering" democracy by using force to counter their protest.

Mr. Rao, citing the tense communal situation in India since the Dec. 6 razing of a 16th-century mosque in Ayodhya by Hindu militants, has banned all rallies and

demonstrations in New Delhi for at least three months.

Nearly 2,000 people have been killed in Hindu-Muslim clashes since the mosque was destroyed. Many Hindus believe the mosque was built on the ruins of a temple.

Central New Delhi has been turned into a virtual fortress as the security forces sealed off the sprawling Boat Club laws where the Bharatiya Janata Party plans to hold its rally in defiance of the government ban.

"We have orders to break their legs," Inspector Ashok Hari said. His men were holding 20 Bharatiya

Janata supporters at gunpoint Tuesday after they had strayed into the downtown area.

But Hindu activists remained defiant.

"Shoot me, kill me, but I will join the rally," said Vishambar Padak, who traveled here from the western state of Maharashtra.

The government has brought in about 10,000 paramilitary Border Security Force troops and Sikh policemen from the northern states of Kashmir and Punjab to beef up New Delhi's 55,000-member police department.

Tens of thousands of Bharatiya

Janata supporters were arrested in several states before they could board trains and buses for the capital.

Officials said more than 20,000 Bharatiya Janata activists had been arrested in the crackdown, more than 3,000 in the central state of Madhya Pradesh.

The Bharatiya Janata Party has accused the government of "hysteria" and "savagery and repressive behavior," and has asserted that more than 100,000 supporters planning to attend Thursday's "National Conscience" rally had been detained across India. (AFP, Reuters)

Hanoi Edgy On Border Instability

Reuters

KONTUM, Vietnam — General Dao Dinh Luyen, Vietnam's chief of staff, has visited the Central Highlands to prepare border troops for possible trouble from the Khmer Rouge after the Cambodian elections, military sources said.

General Luyen spent three days in Pleiku, capital of Gia Lai-Kontum Province and the headquarters of the Vietnam military's 3d Corps, and in neighboring provinces, they said.

"The army is worried there will be problems with Cambodia after the elections," a soldier said.

Vietnamese officials say privately they doubt that UN peacekeepers will be able to ensure stability in Cambodia and will probably pull out some time after elections. They fear that the Khmer Rouge, which describes its eastern neighbor as an enemy bent on taking over Cambodia, might renew attacks on Vietnam's border, they say.

United Nations peacekeeping forces are attempting to disarm Cambodia's warring factions and organize elections in May under an international peace plan.

The Khmer Rouge is the only one of four factions that has refused to lay down its arms and take part in the elections.

The visit to the Central Highlands by General Luyen, Vietnam's second-ranked military officer after Defense Minister Doan Khue, signaled growing unease in Hanoi over the Khmer Rouge's refusal to cooperate, military sources said in Pleiku.

The Vietnamese government has repeatedly accused the Maoist guerrilla group of trying to sabotage the peace plan and has described the situation in Cambodia as increasingly "complicated."

The fanatically anti-Vietnamese Khmer Rouge, which ruled Cambodia from 1975 to 1979, killed many Vietnamese villagers in cross-border incursions in 1977 and 1978.

Vietnamese troops invaded Cambodia in December 1978 and toppled the Khmer Rouge in January 1979. Hanoi withdrew its forces in September 1989.

China Pressed on Newsmen's Beating

The Associated Press

BEIJING — The Foreign Correspondents Club of China pressed the government Tuesday to investigate the police beating last year of an American television reporter whose injuries have prevented him from returning to work.

In a letter to the Foreign Ministry, the club said that medical

checks of Todd Carrell, Beijing bureau chief for ABC News, found that physical trauma caused swelling of the brain and spine damage.

It said that Mr. Carrell, who returned to the United States for medical treatment a month after he was roughed up and detained in Tiananmen Square in June, was bedridden for several months.

He "continues to have difficulty walking," the letter said. "He can sit up for periods of only 35 to 40 minutes at a time. He suffers near constant pain in his legs, back and neck."

Mr. Carrell was one of seven journalists detained on June 3, 1992, the third anniversary of the crackdown on pro-democracy activists.

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MOBUTU: As Calls for Ouster Multiply, Zairian Leader Clings to Power

(Continued from page 1)

Mobutu has been accused of sabotaging the monetary system and of encouraging a campaign against the Kasai people — people belonging to the tribe of main rival, Prime Minister Etienne Tshisekedi. More than 100,000 Kasais have been forced from their homes in southeastern Katanga (formerly Shaba) Province by angry mobs of Katangans, and about 60,000 live huddled in tents at a railroad station, where they are assisted by relief agencies.

"It looks very much like the 'ethnic cleansing' you find in other areas," said John Grunling, head of the International Committee of the Red Cross here, referring to the brutal campaign to expel ethnic groups in the Bosnian war. "Because the prime minister is Kasai, Mobutu found it expedient to create a problem with the Kasai in that area."

Mr. Tshisekedi, who was named prime minister last year over initial objections from Marshal Mobutu, has blamed the marshal for stirring up sentiment against Kasais as part of a destabilization campaign.

In Zaire, it seems, what is bad can always get worse. Last year, many Kasais were eating only every other day, and zoo animals were starving to death. Now many Zairians say they eat a full meal only every third day, and this time it is the inmates at Kinshasa's central prison who are said to be starving to death, since the government has no money to pay for feeding them. The Red Cross is providing food to more than 100 prisoners.

"You've got ethnic cleansing. You've got political murder. You've got people being starved to death in the prisons. You've got political paralysis. You've got money that's not worth anything," said a Western diplomat.

Marshal Mobutu, he added, "doesn't live here."

"He doesn't see the misery in the streets. He doesn't see the crippled beggars."

A European diplomat described the situation in Zaire as "totally surreal and absurd." Another

diplomat with long experience on the continent called it "typical African-style chaos gone berserk." He warned that the nation could slide into anarchy and bloodshed similar to the strife that has wracked Liberia and Somalia in recent years and that beset Uganda during the 1970s.

With his once economically vibrant country in shambles, Marshal Mobutu continues to hold court in his marble palace at Gbadolite, where he is protected by the fiercely loyal Special Presidential Division. The elite troops are drawn largely from Marshal Mobutu's Ngbandi tribe, and they have received training in the past from Israeli advisers.

A diplomat said Marshal Mobutu stays away from Kinshasa "because he's scared." When he wants to negotiate with political mediators or to speak with Western diplomats or journalists, they are flown to Gbadolite.

Marshal Mobutu has managed to retain control of the Zaire Radio and Television Organization, whose building in Kinshasa is ringed with loyal troops and tanks. Every evening, television broadcasts images of Marshal Mobutu, decked out in a leopard-skin hat as he receives visitors, issues decrees and acts out what most observers regard as a fictional presidency.

"He is ignored by the people, but if you watch TV you would think he is as powerful as before," said the Reverend George Iwele, a politically active Catholic priest. "He tries to create a fictitious world."

Marshal Mobutu has said he has no plans to give up power anytime soon. "If my people need me," the 62-year-old dictator said in an interview with Time magazine, "I can certainly remain in power for another 5, 10, or even 20 years."

"If ever I leave power," he said, "it will only be in conditions of beauty, never under pressure."

Officially, there is a government in Kinshasa, headed by Mr. Tshisekedi and chosen by a national conference that was convened in 1991 to weigh constitutional revisions. But with Mar-

shal Mobutu controlling key segments of the military, Mr. Tshisekedi's government, while wrapping itself in the mantle of legitimacy, has since December been widely considered every bit as fictitious as Marshal Mobutu's fantasy regime.

Mr. Tshisekedi's government has never had any funds to operate, since Marshal Mobutu's troops prevented the newly named central bank governor from entering the premises. In fact, none of the ministers has been able to go to his office, and all of the ministries are surrounded by Marshal Mobutu's soldiers. Mr. Tshisekedi works from his home.

"The government would have been able to function if Mobutu did not ask the soldiers to surround the offices of the ministers," Mr. Tshisekedi said. "But it is still the legal government."

The United States, Belgium and France — Zaire's chief backers in recent years — are preparing to intensify a yearlong campaign to persuade Marshal Mobutu to step down to clear the way for a democratic government, according to administration sources in Washington. Among measures under consideration are seizing Marshal Mobutu's personal assets abroad, such as his airplanes, yacht, houses and bank accounts.

Western diplomats here say they have virtually exhausted the measures they are prepared to take in dealing with Marshal Mobutu, short of direct military action. "I don't know if we'll ever issue another statement to Mobutu," said an exasperated Western diplomat. "Why waste your breath? He doesn't listen."

Amid the stalemate, analysts say, some Zairians may consider abandoning their peaceful struggle for democracy and launching a guerrilla war to oust Marshal Mobutu. "There's a current of thought out there that the only solution to the problem of Mobutu and his army is to arm and fight," said a Western diplomat. "It's not the answer — that would lead to civil war. But what's the alternative?"

سوريا من الامل

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Allergic to Government

Over the weekend, the public got a look at the Republican response, such as it is. The Republican legislators and their fellow-traveling commentators are worried — yes, gravely worried — about President Bill Clinton's economic proposals.

Clinton's strategy is right simply because it favors more government investment. But there is something disingenuous about his critics' nostalgia for Reaganomics, which managed to quadruple the national debt in four years, such that interest payments are now one-seventh of the federal budget.

Progress in South Africa

What was thought of as an impossibility in South Africa only a few years ago now appears on the verge of coming to pass. Nelson Mandela's African National Congress and the government of President Frederik W. de Klerk, once the country's two most bitter rivals, have endorsed an accord that, if allowed to work, will lead their racially stratified nation to living, working democracy and all that comes with it.

proportional representation. That feature will give the new constitution a legitimacy that the current basic law never had.

Get Tough on Mobutu

President Mobutu Sese Seko of Zaire is engaged in a grisly war of nerves against his own people. He has long profited from the view on the part of his foreign patrons — France, Belgium and the United States — that only he could keep his nation from exploding into tribal anarchy.

calls for a foreign military bailout. But when rioting in Kinshasa led Belgium and France to fly in forces last month to protect their nationals — the French ambassador had been killed by, apparently, random fire — these units quickly retired when they had accomplished their mission.

Other Comment

Pay Heed to Burma Atrocities

The unprecedented international solidarity shown last week for the protest mission of Nobel Peace Prize winners in campaigning for the unconditional release of their fellow laureate Daw Aung San Suu Kyi and other political prisoners has highlighted the need for the world to pay heed to the atrocities in Burma and take a stand.

situation in Burma. And we have been doing that without making headlines. Mr. Chuan also claimed that Thailand has a far better knowledge of "the cultures in this region" than do the governments in other regions.

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Yes, Do Our Best to Return to a Nonnuclear World

By Robert S. McNamara

WASHINGTON — In the wake of the first and second treaties on reducing strategic arms, many security experts say the world can afford a long pause in nuclear arms control. They are wrong.

By then, the danger of nuclear war will have been lowered but not eliminated. Firmer steps are needed to lower that risk. That was made clear by disclosures of how close the planet came to nuclear disaster during the Cuban missile crisis in 1962.

Les Aspin in a speech at the Massachusetts Institute of Technology in June. Others still believe that the threat to use nuclear weapons prevents conventional war. This was the essential position of a report, "The Role of Nuclear Weapons in the New World Order," prepared by an advisory committee for the U.S. secretary of defense just over a year ago.

hibit the development, production and purchase of nuclear, chemical and biological weapons and ballistic missiles by countries that do not have them. Countries violating this ban would be subject to strict economic sanctions. If the sanctions had no effect, a UN military force would be given a mandate to eliminate the production capability and destroy any stocks produced or bought.

Is That Japanese Trade Surplus Really Such a Terrible Thing?

By Naoyuki Haraoka

TOKYO — The recent surge in Japan's already large trade surplus is provoking a fresh volley of criticism from the United States and other countries. Critics allege that the burgeoning surplus shows that the Japanese market is still essentially closed and that growth in Japan's exports is taking job opportunities from trading partners.

recession could be serious — and not only for Japan. Before giving in to protectionist tendencies, however, we should take a closer look at the trade imbalance. What are the actual economic implications of running such an imbalance? Is it really the disease it is thought to be?

goods have increased substantially. While recession in Japan has led to a temporary decline in imports, this does not change the fact that trends in the import structure are still positive for Japan's trading partners.

But demand for Japanese items remains steady because in many key industries, Japan's trading partners, particularly the United States, have increasingly come to rely on Japanese components and capital goods to maintain their export competitiveness.

ings rate, as well as the high savings rate in Japan, are also structural causes of the trade imbalance. Demographic factors related to the aging of the Japanese population and the need for people to put aside money for retirement are a major reason for the high Japanese savings rate.

All Sinners, No Saints, How Many Trade Warriors?

By Roy Denman

BRUSSELS — The Clinton administration has rebuffed the European Community on the steel and government purchasing. The new president has appeared to call into question the agreement painfully reached after years of negotiation between the United States and the Community on aircraft subsidies.

Ron Brown, the secretary of commerce, said early on that he would be in charge of trade policy. Mac Baldrige, his predecessor in the early Reagan years, made a similar bid, but Bill Brock, the then trade representative, won the day. So, it seems, has Mickey Kantor.

exporters come up against restrictions in the United States. But U.S. merchandise exports to the world rose by 30 percent between 1988 and 1991. As a customer of the United States, the European Community, taking 30 percent of U.S. exports, has been leading the band.

stantly being urged to eliminate trade barriers and stimulate domestic demand to help draw more imports. While efforts must and will continue in this direction, results should not be judged solely by the effect on the trade balance. Such efforts are important to stimulate world economic growth and advance the process of international economic integration, rather than reduce the trade imbalance.

Slippery Politics Is a Dangerous Game for Clinton

By David S. Broder

WASHINGTON — Bill Clinton's economic plan is addressed, he says, not to one deficit but to three: the budget deficit, the investment deficit and the social deficit.

It is blatantly false... It is a disgrace to the American people that the president of the United States would make a claim that is so baseless, that is so without foundation, so shameless in its attempt to get votes under false pretenses.

Last week, President Clinton, unembarrassed, put forward a revised program requiring tax increases that the administration says will affect most families making more than \$30,000, one-sixth below the threshold George Bush had forecast.

The argument is still valid. In effect, Mr. Clinton is proposing an additional "tax" on anyone unlucky enough to enter a hospital as a non-Medicare patient in the next four years.

More over, the balance is drawn from trade in goods. Services should be included as well, especially if the effect of trade flows on employment is considered important.



IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1993: Reason for Being?

LONDON — The womanhood of England has been roused. One of the favorite arguments against the advanced woman's movement is that the race will degenerate if its prime duty and vocation in life, rearing and engaged in the women's sections of the World Fair in Chicago, have sent photographic likenesses of babies, whose mothers are remarkable for their intellectual abilities.

1943: Fake Protection

WASHINGTON — [From our New York edition:] Anti-aircraft "guns" which have peeked skyward for months from congressional office building roofs to provide "protection" for the nation's lawmakers are made of wood and manned by "decoy soldiers." This was disclosed today [Feb. 23]. Harold D. Cooley, representative in Congress, climbed, unaided, to the roof of its new office building and discovered the secret. He told the House about it during the discussion of a billion-dollar naval shore construction bill. He expressed the hope that none of the money would be spent for the construction of "painted ships upon a painted ocean — or for wooden guns." "Gentlemen, it was a gruesome sight," he said.

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OPINION

A Serious United Nations Means Serious Members

By A. M. Rosenthal

NEW YORK—One day when the United Nations was young, a British delegate delivered a warning: This place is going to choke to death with new members.

Take care, he said, or instead of the 50-odd countries we have now we will wind up with 75, maybe even 80. The United Nations now has 180 members and will grow.

Other Bosnians are in the making. In what was once the Soviet Union, countries are entering nationhood in a state of civil or border war—headed for the UN agenda.

carved out to suit Western colonialism. European administrators drew frontiers that thousands of miles away fragmented people of the same language, clan, economy and history.

The tyrants rule by fiat and terror and their membership makes cynical hypocrisy of the goal stated in the UN Charter they signed: "To reaffirm faith in fundamental human rights, in the dignity and worth of the human being, in the equal rights of men and women and of nations large and small."

America Should Lead in Recasting the UN Role

By Arthur Macy Cox

WASHINGTON—The Clinton administration needs to formulate a new strategy for the U.S. role in international security.

When Belgium decided to withdraw its colonial government in Congo in 1960, the Security Council authorized a peacekeeping force to maintain order during the transition. Again, this was approved because the Soviet representative had walked out of the operation, under UN command, lasted almost four years and involved 93,000 soldiers from 34 nations.

tion it opposes. Even without the veto, no nation is obligated to use its earmarked forces if it opposes a particular operation.

In an effort to strengthen the UN security capability, the Pentagon should assign top personnel to the planning and management of the U.S. military role at the level of the Joint Chiefs. On the civilian side, the offices responsible for UN security affairs in both the Defense and State departments should be elevated to the undersecretary level.

But the United States must take the lead to ensure that the UN Security Council has the necessary muscle to enforce its decisions. The importance of the peacekeeping operations in the former Yugoslavia dramatizes the requirement for a UN enforcement capability.

Through the years, the United Nations has also engaged in more than 20 non-enforcement, or "peacekeeping," operations.

UN budget assessments are calculated on each nation's share of the world's gross product. The U.S. share is 25 percent. If the United States earmarked a force valued at \$25 billion a year and the other major military powers contributed their share, the Security Council would have a standby military establishment worth \$100 billion.

Washington should lead in persuading other major powers to earmark forces for this UN service.

For the Security Council to have the power essential to enforce its decisions, there must be an earmarked military force. This will require a commitment for a significant contribution of forces from the United States, the most powerful member. Action authorized by the Security Council should become an important part of the fabric of U.S. security.

Most have made important contributions to maintenance of peace. But they have always had a perilous fragility, because the United Nations is not adequately staffed to manage them, has insufficient financial support and has no authority for enforcement.

There is no threat to justify those costs. There may be future Desert Storms—when the United States commands and provides most of the troops—but for the most part it is likely that Washington will want to support collective measures through the United Nations.

The writer, a former diplomat and CIA official, is author of "Prospects of Peacekeeping," a book about the UN security role. He contributed this to the Los Angeles Times.

The UN Charter provided for creation of an enforcement mechanism to carry out collective measures approved by the Security Council. But the Cold War blocked it because the Soviet Union always opposed such actions. In the United Nations' 47-year history, only three enforcement operations were conducted under the Security Council's authority.

The UN Charter calls for the creation of a standby army comprising forces earmarked for UN service by member nations. The United Nations could become a potent deterrent to aggression if such a force existed.

Washington should lead in persuading other major powers to earmark forces for this UN service.

In the 1950-52 Korean War, the United Nations provided a thin cover of multilateralism for U.S. military action. That was possible because the Soviet representative had walked out of the Security

Council and was not present to cast the veto.

American critics claim that the United States should not commit such forces because that would risk involvement in fighting that Washington might oppose. But that will never occur because the United States could veto any UN opera-

Media Litigation Is a Scourge

By Carole Gorney

BETHLEHEM, Pennsylvania—Litigation blackmail is being committed in the United States every day, aided and abetted by journalists, lawyers and public-relations consultants.

dead woman's room. The suit was settled out of court.

MEANWHILE consultants to schedule talk-show appearances and newspaper interviews for their clients in an obvious attempt to generate public sympathy and apply pressure on the defendants.

Never mind that cellular phone company stock dropped the next day and that the industry's reputation and solvency might have been damaged. Never mind that a layman was afforded credibility on an issue on which he was unqualified. Never mind that the public may have been needlessly alarmed.

One day the United Nations will have to change its charter and set up trusteeships for nations bankrupt politically or economically. That will take years, maybe decades, to work out.

What we should mind is that litigation journalism is seriously undermining the integrity of the U.S. legal process.

Meanwhile the United Nations could save the world a great deal of grief if it used its rights of accreditation to create a flexible waiting period between application for membership and acceptance.

First, the role of the courts is being pre-empted and their procedures undermined as more cases are tried in the public arena before official hearings take place. The arguments are mostly one-sided, devoid of cross-examination, evidence or witnesses.

If a test is required to drive a car, why not one to drive a nation? During the waiting period, a nation-applicant would have to show that it is equipped to carry out the minimum responsibilities of membership. They are: a functioning government, the machinery and will to live up to UN declarations about peace and human rights, and some prayer of economic sufficiency.

Second, while in the court of law a defendant can claim protection under the Fifth Amendment or decline to testify without prejudicing the case, in the court of the mass media, the defendant is expected to respond to questions and allegations. Failure to respond—resorting to "no comment"—is viewed as an admission of guilt.

A country that did not pass at once would get provisional membership, without a vote. Full membership would be earned by carrying out, with international help, specific plans for its own survival. Maybe then the fire brigade could get a little rest between alarms.

Defendants in civil litigation are at a disadvantage when making pretrial comments to the press. Anything they say can and will be used against them.

ethical requirements of fairness, balance and responsible reporting. Calling defendants for a statement is not enough to ensure fairness, nor is that a relevant point. Legal arguments are intended to be made before impartial judges and juries. It is not the function of the press, or of those who disseminate news and information on the fringes of journalism—like talk shows—to allow the merits of cases to be argued or promoted outside due process. More often than not, the plaintiff's basic motive for using the mass media is not to ensure justice or aid public understanding but to secure financial reward.

What can be done? Certainly the press should not and cannot be prohibited from reporting on civil suits. But this is quite different from letting plaintiffs have unchallenged air time and newspaper space to personalize their cases. Bar associations should require members to follow the rules of evidence set by law, not the press.

Public-relations consultants should be held accountable by their professional associations for participating in litigation journalism. The practice counters the associations' codes of ethical standards requiring consultants to avoid corrupting the channels of communication and processes of government.

The media should review their ethical guidelines and consider whether short-term pocketbook interests are worth the long-term consequences to society.

The writer, professor of journalism and director of public-relations curriculum at Lehigh University, contributed this comment to The New York Times.

LETTERS TO THE EDITOR

A Nuclear Mideast

Shai Feldman, in "Remove and Store the Warheads, and Do It Now" (Opinion, Jan. 23-24), rightly calls attention to the danger posed by the nuclear missiles and warheads that remain scattered around the former Soviet republics. But he is wrong when he says, "None of the nuclear powers currently has any serious enemies." Israel, of course, is a nuclear power that does have serious enemies.

Dacyczyn. But the solution she proposes offers only a superficial remedy, one ultimately more damaging than helpful, as long as she fails to confront the issue of sexism. Her program, as illustrated by her lifestyle, essentially reinforces the dogma that the man should work outside the home and the woman sacrifice her career to stay home, keep house and raise children.

The NFL is not interested in developing the future leaders of a nation; it is only intent on creating a pool of robots for its gladiatorial sport. I played American football as a "60-minute man" when there was no substitution. Today I have no time for a 60-minute game that takes three hours to complete.

Keep It Personal

Regarding "Saddam Is Thus Punished" (Editorial, Jan. 15): The editorial says that "America's dispute with Baghdad is not personal." Why delude ourselves? Isn't this just what Saddam wants people to believe?

I read with dismay that the National Football League will conduct football clinics at several locations in Europe ("NFL Will Hold 16 Clinics For Players in Europe," Sports, Jan. 15). I hope Europeans will recognize this game for what it really is: commercial entertainment. This is not something to introduce to the youth of any country.

After struggling to translate the files of my ancient Apple 11c computer for transfer to my new high-tech Apple 11vi, I read "Thoreau's New Book" (Postcard, Feb. 17).

Stranded? Hardly

Regarding "Serbia Is a Nation in Dangerous Hands" (Opinion, Feb. 9) by Blaine Harden: To write that Romanians are "stranded" in Moldova, implying that they are a minority there, belies the fact that ethnic Romanians form the majority of Moldova's population.

My Apple 11c has six year's work on it, but translating that work to the new model is a challenge even for the experts. What will happen to the work of the Thoreaus of today when editors are trying to decipher their '90s software 30 years from now?

After attacking the entire German nation because he was caught, as was his son, in rather minor violations, Michael Peterson now responds to numerous letters from around the world criticizing his absurd claims by calling these a personal attack, after he began by attacking the nation as a whole based solely upon his unwillingness to accept responsibility for his behavior.

Sexist Tightwad

Regarding "Tips for All Those Whiners From a Complex Tightwad" (Meanwhile, Feb. 18): I deplore today's materialism every bit as much as the writer, Amy

In American football it costs \$1,000 to equip each player as compared with \$100 for soccer and rugby players.

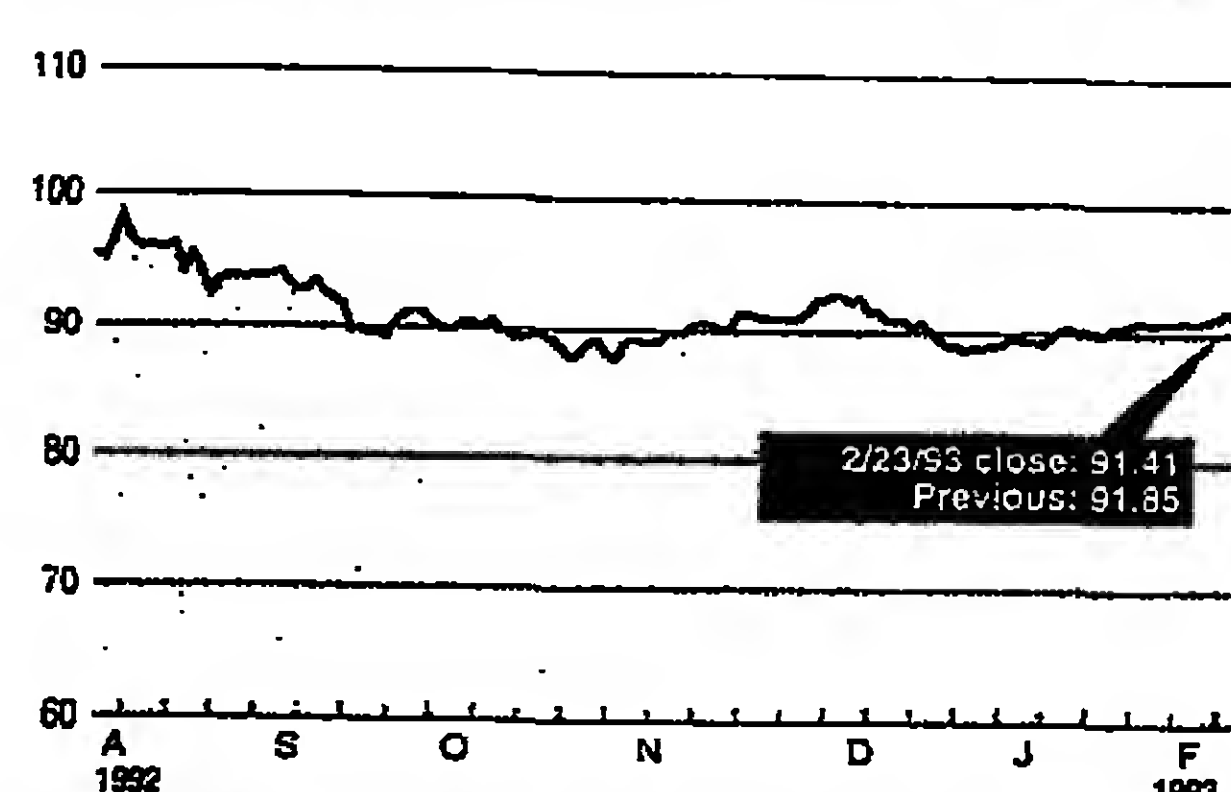
My Apple 11c has six year's work on it, but translating that work to the new model is a challenge even for the experts. What will happen to the work of the Thoreaus of today when editors are trying to decipher their '90s software 30 years from now?

Advertisement for MCI Card with text: IF YOU'RE HERE... AND YOU WANT TO CALL HERE... USE THIS TO GET YOU THERE. Includes a list of international numbers and a small image of the MCI Card.

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Asia/Pacific Europe N. America. Approx. weighting 25% Approx. weighting 40% Approx. weighting 35%

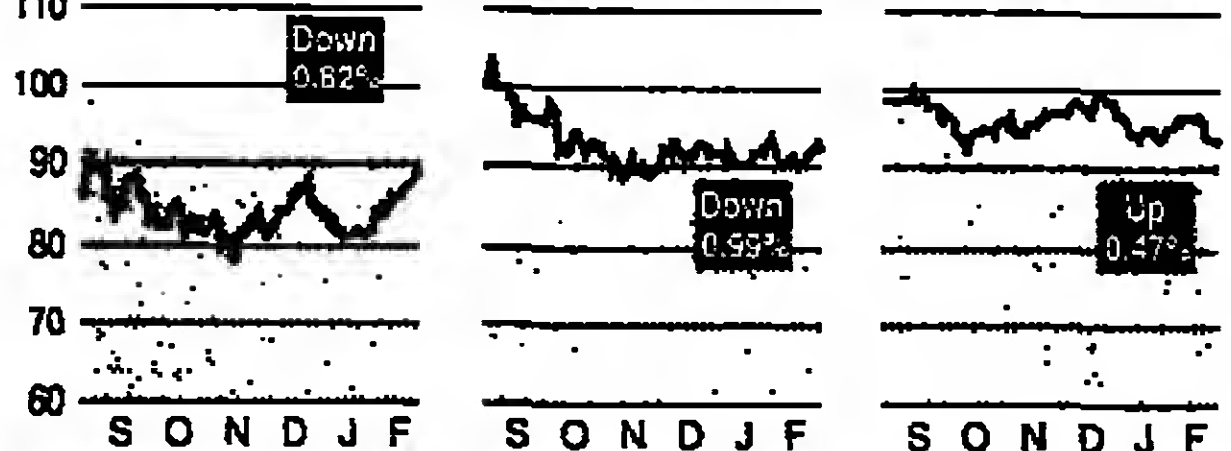


Table with 3 columns: Industry, Current Value, % Change. Rows include Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, and Miscellaneous.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

MEDIA MARKETS

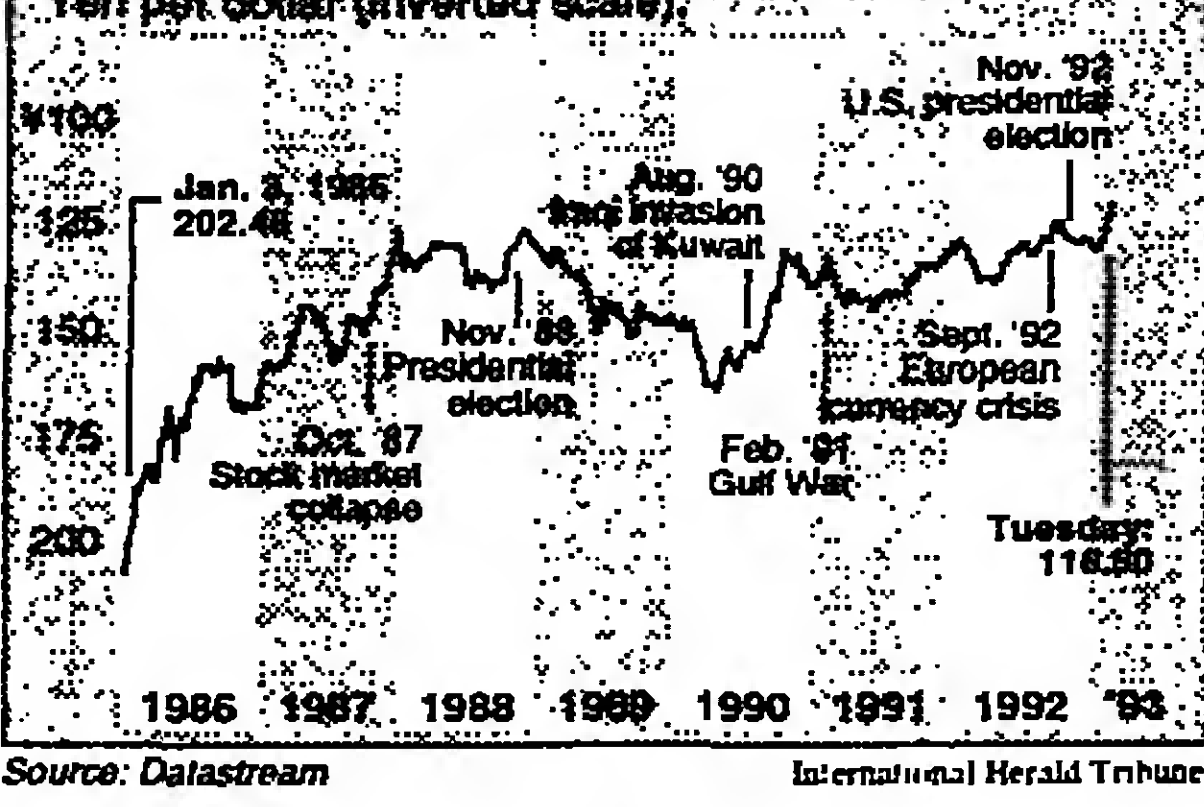
Texas Monthly Thrives As Other Regionals Fold

By Sam Howe Verhovek. Austin, Texas — When the state's economy took a dive in the 1980s, Texas Monthly was right there with a helpful feature, "Life Styles of the Rich and Bankrupt..."

High Yen: Much Pain, Little Gain

By David E. Sanger. TOKYO — The last time cries of endaka! — the yen is surging — reverberated here, Japan's economy was booming and the United States was searching for a quick way of reducing its vast trade deficits with Tokyo.

The Yen's Rise Against the Dollar



knock a few billion dollars off Japan's \$47 billion trade surplus with the United States, maybe a bit more if the yen strengthens more from its current level of near 116 to the dollar, already a postwar record.

away from criticizing the government are calling reporters these days to blame Mr. Miyazawa for failing to articulate an economic strategy, for reacting to economic events rather than shaping them.

Bad Loans Cost Matsushita Chief His Job

By Andrew Pollack. TOKYO — The president of Japan's largest consumer-electronics company, Matsushita Electric Industrial Co., resigned Tuesday, saying he was taking responsibility for a financial scandal and for his company's sale of hundreds of thousands of defective refrigerators.

of the tradition-bound Japanese company, though it is still too early to say whether the purchase will ultimately benefit Matsushita.

er-finance unit, National Leasing Co., loaned \$50 billion yen to an Osaka restaurant owner and stock speculator, Nui Onoue.

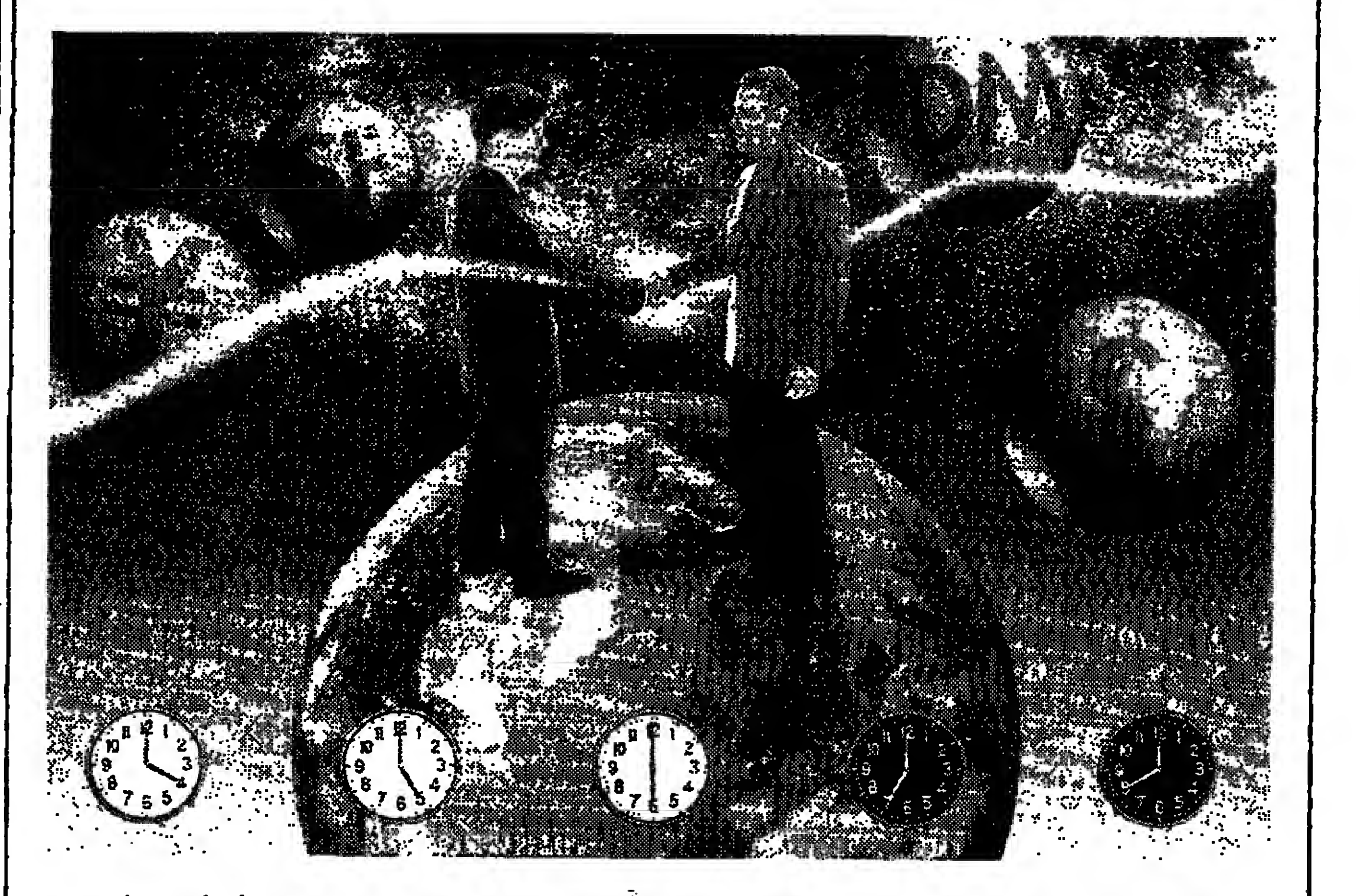
CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, Other Dollar Values, Forward Rates. Includes various currency pairs and interest rates.

Paris Says EC Will Set Floor Price for Fish

PARIS — France said on Tuesday the European Community had promised to set minimum prices for some fish after fishermen rampaged through a wholesale food market outside Paris in an explosion of anger at low prices and cheap imports.

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MARKET DIARY

Selling Hits Stocks Despite Bonds' Rise

NEW YORK — U.S. stocks fell Tuesday on concern about an economic report that said consumer confidence was slipping, and on persistent uncertainty about the deficit-cutting plan.

Yen's Surge Sputters Ahead of G-7 Meeting

NEW YORK — The dollar rebounded from record lows against the yen Tuesday as investors turned skittish about driving the U.S. currency further down ahead of this weekend's Group of Seven meeting.

Oil Briefly Tops \$19 Barrier

LONDON — The world benchmark crude oil traded above \$19 per barrel on Tuesday for the first time since November as OPEC signaled that it was cutting excess supply.

Market Closed in Sao Paulo for a Holiday

The stock market in Sao Paulo is closed until Thursday for a holiday.

Table of World Stock Markets with columns for Market, Close, Prev., and Change. Includes sections for Amsterdam, Helsinki, Hong Kong, Brussels, Johannesburg, Madrid, London, Frankfurt, Milan, Zurich, Stockholm, and Toronto.

The Dow Jones Industrial Average table showing Open, High, Low, Last, and Change.

Standard & Poor's Index table showing High, Low, Close, and Change.

NYSE Most Active table listing top trading stocks.

AMEX Most Active table listing top trading stocks.

NYSE Diary table showing market activity.

Amex Diary table showing market activity.

NASDAQ Diary table showing market activity.

NYSE Diary table showing market activity.

Amex Diary table showing market activity.

NASDAQ Diary table showing market activity.

NYSE Diary table showing market activity.

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NYSE Diary table showing market activity.

Amex Diary table showing market activity.

NASDAQ Diary table showing market activity.

NYSE Diary table showing market activity.

EUROPEAN FUTURES table showing various futures contracts.

Food table showing various food futures.

COFFEE (FCO) table showing coffee futures.

COCA (FCO) table showing coca futures.

WHITE SUGAR (FCO) table showing white sugar futures.

Metals table showing various metal futures.

Financial table showing various financial futures.

3-MONTH STERLING (L) table showing sterling futures.

3-MONTH EURO (L) table showing euro futures.

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Cyanamid to Spin Off Chemicals Unit
WAYNE, New Jersey (Bloomberg) — American Cyanamid Co. said Tuesday that it planned to spin off its chemicals unit, a \$1 billion annual business that many investors have considered a drag on profits for years.

Rate Gap Benefits Morgan Stanley
NEW YORK (Combined Dispatches) — Morgan Stanley Group said Tuesday its fourth-quarter earnings had risen 7.2 percent, to \$141.8 million, with a boost from the steep differential between what it paid to lend and borrow money.

Coca-Cola's Bottler Looks Abroad
ATLANTA (AP) — Coca-Cola Enterprises Inc., the largest bottler of Coca-Cola Co.'s products, said Tuesday it was exploring an overseas expansion. Coca-Cola owns 44 percent of the bottler, and it has stakes in foreign bottlers as well.

High Court Upholds Container Tax
WASHINGTON (Bloomberg) — The Supreme Court upheld on Tuesday a state's right to tax leases of cargo containers used to transport goods in international commerce.

Wal-Mart Keeps Expenses in Check
BENTONVILLE, Arkansas (Bloomberg) — Wal-Mart Stores Inc., the largest U.S. retailer, said Tuesday that its fourth-quarter earnings surged 24.4 percent on strong sales and tight expense control.

Deere & Co. Cuing Profit Sales of Farm Equipment to Dealers, Reported that its loss for the quarter ended Jan. 31 had widened to \$27.6 million, from \$19.9 million a year earlier.

MEI Diversified Inc. and its units that operate 1,900 beauty salons in department stores filed for Chapter 11 bankruptcy protection.

U.S. FUTURES
Cocoa (NYCSE) table showing cocoa futures.

Grains table showing various grain futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

Wheat (CBT) table showing wheat futures.

EC to Discuss Oilseeds Despite French Threat

BRUSSELS — The EC presidency, currently held by the Danes, ignored a French veto threat and said Tuesday that EC foreign ministers would stick to their previously planned agenda and discuss a controversial oilseed accord with the United States on March 8.

The Commission has no reason to change its mind on this issue, a spokesman for the European Community said.

Denmark cautioned, however, that a vote may not be taken on the issue at the session. Prime Minister Pierre Bérégovoy of France said that Paris would veto a draft agreement reached in November on trade in oilseeds between the Community and the United States, part of a broader farm-trade deal aimed at wrapping up a new GATT world trade accord.

Mr. Bérégovoy wrote to the Danish presidency asking that even a discussion of the agreement be delayed until an analysis of its compatibility with the reform of the Community's Common Agricultural Policy had been completed. A Danish spokesman said Denmark, which holds the six-month rotating EC presidency, had not yet replied to the French request.

"A vote can be taken but it's not necessary," the spokesman said, adding that Denmark would decide what action to take after ministers had debated the issue.

France would use the veto under the Luxembourg compromise, which enables an EC member state to block a decision by invoking vital national interests. Former French president Valéry Giscard d'Estaing, an opponent leader, said that if the opposition won power next month, as is widely expected, it should reject the oilseeds deal and seek new negotiations.

(Reuters, APF)

New Products Boost Profit At SmithKline

United Press International

LONDON — The health-care group SmithKline Beecham PLC announced Tuesday an 11 percent jump in pretax profit last year, underpinned by growing sales in developing markets and a significant increase in new products.

SmithKline said its pretax profit rose to \$1.11 billion (\$1.6 billion) in 1992. Revenue also grew 11 percent, to \$5.22 billion.

In pharmaceuticals, the company's highest-earning sector, sales of SmithKline Beecham's four major new products totaled more than \$200 million. These were the antidepressant Seronax/Paxil; Relafen, the arthritis drug; the anti-nausea treatment Kytril; and Havrix, the world's first Hepatitis A vaccine.

Pharmaceutical sales in the United States climbed by 16 percent, while they registered strong growth in emerging markets. In Eastern Europe, revenue jumped 92 percent, in Africa it climbed 29 percent and in China grew by 68 percent.

Unilever Remains Buoyant

LONDON — The British-Dutch consumer-products company Unilever Group said Tuesday that its pretax profit had exceeded £2 billion for the first time in 1992 as its international spread helped protect it from recession in Europe.

Pretax profit of £2.03 billion (\$2.95 billion) was up 13.4 percent from £1.79 billion a year earlier. Sales rose 6.6 percent to £24.7 billion, from £23.16 billion. The company raised its dividend to 20.80 pence from 18.94 pence in 1991.

Unilever said that strong growth in North America, Latin America and Southeast Asia helped make up for difficulties in Europe.

"Economic recovery proved to be an illusion in many of our markets and 1992 was the third year in succession to be affected by recession," said the chairman, Michael Perry. He held out little hope for a speedy economic turnaround in Britain and said the downturn in Germany had proved much sharper than expected, bringing a drop in profits.

But Mr. Perry said the group was more optimistic about the future of the U.S. economy.

He even though there may be a flicker of hope that economic growth might resume sometime in 1993, he said: "We are increasingly worried by the unhelpful political trends which are now all too evident."

He bemoaned the fact that world trade talks had become bogged down and expressed concern about the possibility that President Bill Clinton might seek to improve the U.S. budget deficit at the expense of foreign companies.

NatWest Profit Almost Quadruples

LONDON — National Westminster Bank said Tuesday it had nearly quadrupled its pretax profit in 1992, to £405 million (\$587 million), from £110 million in 1991.

The result, which was in line with analysts' expectations, came as revenue increased 10 percent while costs gained only 6 percent. NatWest added that the effect of the devaluation of the pound had been offset by lower wage levels following a 7 percent cut in staff.

A total of 7,300 employees lost their jobs over the year, reducing staff to 95,200, the bank said. A further 4,000 layoffs have been announced for this year.

Provisions for bad debts rose to £1.9 billion from £1.87 billion a year earlier. "This demonstrates the impact which the recession has had on our customers," said Lord Alexander, the bank's chairman.

During 1992, the number of branches was reduced by a further 132 to 2,684, the bank said.

Lord Alexander said the British economy had a difficult year in 1992 that was "inevitably a tough year for NatWest." He said the bank expected to see a reduction in bad debts in 1993 but remained cautious about the extent of the reduction. "The immediate prospects for British provisions remain closely linked to the economy," the bank said.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1980	2800	2000
1985	2700	1800
1990	2500	1700
1992	2200	1600

Exchange	Index	Tuesday Close	Previous Close	% Change
Amsterdam	CBS Trend	100.10	100.10	Unch.
Brussels	Stock Index	5,998.49	5,987.29	+0.52
Frankfurt	DAX	1,861.58	1,880.74	-1.14
Frankfurt	FAZ	658.81	658.79	-0.29
Helsinki	HEX	925.56	925.65	-0.03
London	Financial Times 30	2,180.70	2,198.00	-0.79
London	FTSE 100	2,819.00	2,838.30	-0.72
Madrid	General Index	227.80	232.20	-1.89
Milan	MIB	1,113.00	1,108.00	+0.45
Paris	CAC 40	1,944.33	1,959.23	-0.77
Stockholm	Affarsvaerlden	1,183.86	1,180.83	+0.28
Vienna	Stock Index	377.10	376.50	+0.55
Zurich	SBS	702.96	711.60	-1.31

Sources: Reuters, AFP

NYSE

Tuesday's Closing
Tables include the nationwide closes up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month High	Low	Stock	Div	Yield	PE	52 High	52 Low	Latest Close
121	112	AAPL	1.25	3.40	21	121	79	100.50
85	72	AMZN	0.45	3.40	21	85	58	78.25
55	42	MSFT	0.75	3.40	21	55	32	48.75
35	22	INTC	0.25	3.40	21	35	18	28.50
25	12	ORCL	0.15	3.40	21	25	10	18.25
15	8	IBM	0.35	3.40	21	15	7	12.50
10	5	HPQ	0.20	3.40	21	10	4	8.75
8	4	QCOM	0.10	3.40	21	8	3	6.50
6	3	NVDA	0.05	3.40	21	6	2	4.25
4	2	TXN	0.02	3.40	21	4	1	2.75
3	1	WDC	0.01	3.40	21	3	1	2.25
2	1	KLAC	0.01	3.40	21	2	1	1.75
1	0	ASAT	0.01	3.40	21	1	0	1.25

NYSE High-Lows

High	Low	Stock	High	Low	Stock
121.25	111.75	AAPL	85.00	71.50	AMZN
55.00	41.50	MSFT	35.00	17.50	INTC
25.00	11.50	ORCL	15.00	6.50	IBM
15.00	6.50	HPQ	8.00	3.50	QCOM
8.00	3.50	NVDA	4.00	1.75	TXN
4.00	1.75	WDC	2.00	1.00	KLAC
2.00	1.00	ASAT	1.00	0.50	HPQ
1.00	0.50	QCOM	0.50	0.25	NVDA
0.50	0.25	TXN	0.25	0.12	WDC
0.25	0.12	KLAC	0.12	0.06	ASAT

NYSE High-Lows

High	Low	Stock	High	Low	Stock
85.00	71.50	AMZN	35.00	17.50	INTC
35.00	17.50	INTC	15.00	6.50	IBM
15.00	6.50	IBM	8.00	3.50	QCOM
8.00	3.50	QCOM	4.00	1.75	TXN
4.00	1.75	TXN	2.00	1.00	KLAC
2.00	1.00	KLAC	1.00	0.50	HPQ
1.00	0.50	HPQ	0.50	0.25	NVDA
0.50	0.25	NVDA	0.25	0.12	WDC
0.25	0.12	WDC	0.12	0.06	ASAT

NYSE High-Lows

High	Low	Stock	High	Low	Stock
121.25	111.75	AAPL	35.00	17.50	INTC
35.00	17.50	INTC	15.00	6.50	IBM
15.00	6.50	IBM	8.00	3.50	QCOM
8.00	3.50	QCOM	4.00	1.75	TXN
4.00	1.75	TXN	2.00	1.00	KLAC
2.00	1.00	KLAC	1.00	0.50	HPQ
1.00	0.50	HPQ	0.50	0.25	NVDA
0.50	0.25	NVDA	0.25	0.12	WDC
0.25	0.12	WDC	0.12	0.06	ASAT

NEW HIGHS

AmPac	AmRock	AmSurg	AmTech
AmGen	Amcor	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen

NEW LOWS

AmGen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen
Amgen	Amgen	Amgen	Amgen

TEXAS: Why a Monthly Thrives

(Continued from first finance page)

It was a major debacle," Mr. Levy said cheerfully in his Austin office.

What Mr. Levy says he learned is this: "If you can do one thing, do it well." Although Texas Monthly has won seven National Magazine Awards, the industry equivalent of a Pulitzer Prize.

If there are few sacred steers in Texas Monthly, there are plenty of Bum Steers — which is the name of an annual feature that celebrates "the best of the worst" in the state.

Some winners in recent years have included the East Texas entrepreneur who announced plans for a drive-through funeral parlor; an Exxon subsidiary that described the odor of a newly developed diesel fuel as "a strong, fruity fragrance accentuated with floral top notes," and the mother accused of hiring someone to assassinate her daughter's rival for a cheerleading spot.

YEN: Lots of Pain, Not Much Gain

(Continued from first finance page)

stronger yen. That was taken as a sign that sooner or later, the Clinton administration would favor the same.

For Washington, though, the sudden appreciation of the yen poses a stark choice: whether to try to manage the trade deficit largely by managing the dollar, or by opening more Japanese markets.

Over the past four years, President George Bush wavered on that point, using macroeconomic monetary tactics at times, and efforts to open the Japanese market to more goods at other times. So far, the Clinton White House has said very little about how it will mix the two.

Many economists point out that during the mid-1980s, Japanese companies also cried doom about the rising yen. But at that time, the U.S. and the Japanese governments seemed far better coordinated in dealing with the currency markets; the latest rise seemed to come from a nearly off-hand comment Friday by the U.S. Treasury secretary, Lloyd Bentsen, that he favored a

Very briefly:

- Romania said it did not meet conditions for drawing the last \$75 million of a \$500 million International Monetary Fund loan because it spent foreign-currency reserves to buy wheat, but it hoped for further IMF aid.
- KOI, the Turkish privatization body, will sell to the public 20 percent of the Netas Northern Electric Telekomunikasyon AS, a telecommunications company in which Northern Telecom Ltd. of Canada will own 71 percent.
- Valéry Giscard d'Estaing, the former French president, said the center-right coalition expected to win next month's elections did not include France Telecom on its list of state-owned companies to be privatized.
- Nestlé SA will sell its Fievel spring to Castel Group, which already has bought nine other water sources from the Swiss food company. Nestlé said the sale fulfilled the final condition imposed by the European Commission on its purchase on Source Perrier SA.
- The EC Commission opened an inquiry into the planned Matra Cap Systems defense and imaging venture between Matra Defense Espace SA and Cap Gemini Soger.
- Nobel Industries AB will sell its defense unit, comprising NobelTech Systems and NobelTech Electronics, to the Swedish state-controlled Celsius Industri AB for 325 million kronor (\$42.8 million) in stock.
- Britain said long-term unemployment rose to 1.03 million people in January, a five-year high and three times the level of overall joblessness.
- Grand Metropolitan PLC's chairman, Sir Allen Sheppard, told the annual meeting the company expected "market improvement" this year, citing the United States, where new alcoholic beverages were doing "particularly well," Europe, he said, remained "soft."

Mannesmann Pressured

DUSSELDORF — Mannesmann AG said Tuesday that its gross profit for last year was "clearly" less than the 263 million Deutsche marks (\$161.1 million) of 1991, and its stock price subsequently tumbled 3 percent.

The machinery maker blamed "a generally unsatisfactory" economic environment in Germany and abroad for the weak outlook, which would mark the second straight year of profit falls. In 1990, Mannesmann earned 464 million DM.

Mannesmann said 1992 sales, adjusted for the acquisition in 1992 of the machine-building companies VDO and Boge, fell 1 percent, to 24.07 billion DM. Its stock price slumped 7.70 DM, to 247 DM.

The company said steel-pipe production was pressured by competition from East European manufacturers. Orders fell 21 percent, to 4 billion DM, while sales dropped 12 percent, to 4.34 billion DM.

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NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

- Please take notice that the Annual General Assembly of Shareholders of Fidelity American Assets N.V. (the "Corporation") will take place at 2:00 p.m. at Schottegatweg-Oost 130, Curacao, Netherlands Antilles, on March 16, 1993.
- The following matters are on the agenda for this Assembly:
1. Report of the Management.
 2. Election of the Managing Directors.
 3. Approval of the balance sheet and profit and loss statement for the fiscal year ended November 30, 1992.
 4. Ratification of actions taken by the Managing Directors since the last Annual General Assembly of Shareholders, including declaration of an interim dividend in respect of the fiscal year ended November 30 1992, and authorization of the Managing Directors to declare additional dividends in respect of fiscal 1993 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
 5. Ratification of actions taken by the Investment Manager since the last Annual General Assembly of Shareholders.
 6. Consideration of such other business as may properly come before the Assembly.
- Approval of each item of the Agenda will require the affirmative vote of a majority of the votes cast at the Assembly.

Holders of registered shares may vote by proxy by mailing a form of registered shareholder proxy which will be sent to them by the Fund's Registrar and Transfer Agent, Fidelity Investments Luxembourg S.A. Registered shareholders may also obtain a form of registered shareholder proxy from the institutions listed below.

Holders of bearer shares may vote by proxy by mailing a form of proxy and certificate of deposit for their shares to the Corporation at the following address:
Fidelity American Assets N.V.
c/o AMACO Holdings & Trust Company N.V.
Post Office Box 3141
Curacao
NETHERLANDS ANTILLES.

Bearer shareholders may obtain a form of bearer shareholder proxy and certificate of deposit from the following institutions:

Fidelity Investments Luxembourg S.A. Kansallis House, 3rd Floor Place de l'Etoile Boite Postale 2174 L-1021 Luxembourg	Fidelity International Limited P.O. Box HM 670 Hamilton HM CX, Bermuda
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Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit their shares, or a certificate of deposit therefor, with the Corporation at Schottegatweg-Oost 130, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholder to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 1:00 p.m. on March 16, 1993 in order to be voted at the Assembly.

By order of the Management
Charles T.M. Collis
Secretary

February 18, 1993



People at the top read the Trib.

No local bias. No national slant. No partisan viewpoint. Simply a balanced editing of the news for people with a stake in international affairs.

Herald Tribune

NOTICE TO THE SHAREHOLDERS OF DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL EQUITY FUND

20, Boulevard Emmanuel Servais
L-2535 LUXEMBOURG
R.C. B 28616

Notice is hereby given that the Annual General Meeting of the shareholders of DAIWA CAPITAL - L.C.F. EDMOND DE ROTHSCHILD INTERNATIONAL EQUITY FUND will be held at the registered office of the company on March 15th, 1993 at 12:00 a.m.

AGENDA

1. Approval of the report of the Board of Directors and the report of the Auditor.
2. Approval of the financial statements for the year ended December 31st, 1992.
3. Allocation of the net result.
4. Discharge of the outgoing Directors in respect of the carrying out of their duties for the year ended December 31st, 1992.
5. Re-election of the Directors for a new statutory term except Mr. Tetsuo MORISHIGE and Mr. Ken GRAHAM who did resign.
6. Ratification of the appointments of Mr. Akiyoshi OTANI in replacement of Mr. Tetsuo MORISHIGE and Mrs. Anne de la VALLEE POUSSIN in replacement of Mr. Ken GRAHAM.
7. Appointments of Mr. Patrick La FOSSE and Mr. Geoffrey LINARD de GUERTECHIN as Directors.
8. Any other business.

Resolutions on the above-mentioned agenda will require no quorum and the resolutions will be passed at a simple majority of the shares present or represented at the meeting.

A shareholder may act at any meeting by proxy.

On behalf of the Company,
BANQUE PRIVÉE EDMOND DE ROTHSCHILD S.A.
Succursale de Luxembourg 20, Boulevard Emmanuel Servais L-2535 LUXEMBOURG

Fidelity Investments



Qantas Gets Australian Cash Boost

SYDNEY — Australia took a step toward its planned privatization of Qantas Airways Ltd. on Tuesday by adding 1.35 billion Australian dollars (\$928.9 million) to its capital, while the carrier said it expected 1993 to be a profitable year.

The capital injection involves the government assuming the airline's state-guaranteed debt in exchange for equity in Qantas, 75 percent of which is to be sold to the public later this year. Finance Minister Ralph Willis said the transaction fulfilled a commitment by the government to recapitalize Qantas as part of the airline's sale.

British Airways PLC last year arranged to buy 25 percent of Qantas for 665 million dollars, a sale that is expected to be finalized in March.

Bill Dix, the Qantas chairman, said the infusion cut the carrier's debt to 5.5 billion dollars, giving it a debt-to-equity ratio of about 69 percent, down from 80 percent. He said this level of debt was "commercially sustainable."

John Ward, the Qantas chief executive, said the airline was expecting a profit in the year that ends in June, following earnings of 137.3 million dollars for the previous year. He did not say how much the carrier thought it would earn, but he noted conditions were difficult in the industry.

The difficulties were underscored on Tuesday in the results of the small Southern Cross Airlines Holdings Ltd., which announced a loss of 10.95 million dollars for the six months to Dec. 31.

Southern Cross, operator of Compass Airlines, said it expected losses to continue in the six months to June 30, but that the losses would start to narrow after April.

Japan Stores Shed Old Ways Choosy Customers Spur Retail Revolution

TOKYO — The shop-till-you-drop mentality of the Japanese consumer has waned. Last decade's conspicuous consumption has given way to a mania for bargain-hunting. And that has triggered a quiet revolution within Japanese retailing.

The nation's once-mighty department stores are suffering a prolonged slowdown. These companies are facing fierce competition from a new breed of discount and specialty retailers. And that is forcing them to refashion their entire approach to the business, as well as pull out their mark-down pens.

"These days, you've got to be a real idiot to buy at the manufacturer's suggested retail price," said Takamasa Narita, a 27-year-old construction company employee, while shopping in Seibu's store in the Shibuya shopping district.

To compete with the discounters, Japan's high-end retailers face an expensive task that comes at a bad time. In the worst showing on record, the Japan Department Store Association says retail sales at Japan's large department stores plunged 5.7 percent in 1992 to 2.77 trillion yen (\$22.8 billion).

And just as their results are getting clubbed, department stores must rethink their pricing strategies and distribution systems.

The stakes are high. "Managements who fail to change in this recession are unlikely to survive the next one," said Mike Allen, a retail-industry analyst at Barclay's de Zoete Wedel Securities.

For starters, stores like Mitsukoshi, Takashimaya and Matsuzakaya will have to start winnowing down their product offerings. That will not be easy, given the notion among retailers that if they're not carrying everything, they're not doing their jobs. The Japanese word for department store is *hyakka-ten*, which means "store of a hundred items." Mitsukoshi Ltd., for example, carries 1,800 different kinds of men's neckties, analysts said.

Analysts point to Japan's complicated and expensive distribution systems as another source of trouble. Many department stores often directly lease out store space to suppliers and collect what amounts to rent from their supplier. Because they're not responsible for unsold goods, department store executives greatly reduce their risk.

However, the department store also gives control of its pricing in these cases to the manufacturer, who charges the highest price the market will bear.

The solution, analysts say, is for stores to take responsibility for all of the goods they buy from wholesalers and manufacturers, without returning unsold goods. Since they are relieving the middle man of inventory risk, they can demand lower prices and pass the savings on to customers.

Yet changing the distribution system presents another problem. Department-store executives would have to do a better job of tracking, say, which suits are hot among the buying public. In the West, retailers commonly employ "point-of-sale" computer systems to do this task. But in Japan such systems are still rare.

Despite it all, some analysts say that the time to buy department store stocks is now.

The stores are in their predicament largely because of poor assessments of purchase risk in a changing environment.

Once they adjust, department stores can count on several factors to help them recover, such as high urban population, a wealthy household sector and a rapidly aging society that encourages its elders to shower youngsters with money and presents.

But the market's current assessment of purchase risk is a changing environment.

Mitsubishi and Sumitomo have assets of about 17 trillion yen (\$145 billion) each, followed by Daiwa with 14 trillion yen and Yasuda with 11 trillion yen. The New York-based rating agency also announced that it had downgraded the claims-paying ability of Sumitomo Life Insurance Co. due to deteriorating capital and earnings.

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Nissan Sees Payoff On Restructuring

By Steven Brull International Herald Tribune

TOKYO — Nissan Motor Co., confident of its ability to cope with the slump in the world car market, predicted on Tuesday that its restructuring program would allow it to return to profitability next year despite stagnant sales.

But the news from the No. 2 Japanese automaker was not all good: it nearly doubled its estimated loss for the current year, to 29 billion yen (\$247.02 million) from its earlier estimate of 15 billion yen. Nissan had recurrent, essentially pretax, profit of 87.76 billion yen in the previous financial year, which ended March 31, 1992.

Nissan, the hardest hit among Japan's big carmakers, said it would achieve profitability next year by slashing its work force by 10 percent, to 48,000, through attrition over the next three years and by taking the unusual move of closing a major plant in Zama, outside Tokyo.

The revised loss and staff reductions, embellishments of a restructuring announced last year, came as little surprise. The moves nonetheless underscored the fundamental changes Japan's motor industry makes to survive in the 1990s.

"The Japanese auto industry has lost all its major growth markets," said Stephen Usher, an analyst at Kleinwort Benson Securities, noting downturns in the European Community, North America and Japan. "They're going to have to learn to deal with a no-growth environment."

Staff reductions would be small compared with those announced by major automakers in Europe and America, he noted, because Nissan enjoyed greater flexibility in reducing labor costs, which are now the highest among Japanese car companies.

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Investor's Asia table with columns for Hong Kong, Singapore, and Tokyo, listing various indices and their values.

Japanese Trust Banks Face a Downgrading

TOKYO — Standard & Poor's Corp. said Tuesday that it had placed Japan's four largest trust banks under review with negative implications for their credit ratings.

The rating agency said the current poor operating environment for the four institutions — Mitsubishi Trust & Banking Corp., Sumitomo Trust & Banking Co., Dai-ichi Kangyo Bank and Yasuda Trust & Banking Co. — was having a "particularly harsh impact."

It said all four were faced with high and rising levels of problem loans due to Japan's stagnant property market and economic slowdown.

Mitsubishi and Sumitomo have assets of about 17 trillion yen (\$145 billion) each, followed by Daiwa with 14 trillion yen and Yasuda with 11 trillion yen.

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INTERNATIONAL FUNDS

Feb. 23, 1993

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of those noted based on issuer prices.

The money 7-day T-bill is 7.14 percent; 1-month Treasury bill is 7.25 percent; 3-month Treasury bill is 7.35 percent; 6-month Treasury bill is 7.45 percent.

Main table of International Funds with columns for fund names, currencies, and values.

Table of ABC INVESTMENT SERVICES CO. (E.C.) listing various investment services and their details.

Very briefly:

- American Telephone & Telegraph Co. gained access to the Chinese market, signing a cooperation pact that will initially involve joint-venture production of AT&T's 5-ESS telephone-switching system in China.
Mitsubishi Iron & Steel Co. will be the first Chinese state-owned enterprise to be listed on the Hong Kong stock exchange when it goes public in June, Xinhua said, it said the steel plant had pre-tax profit of 750 million yuan (\$131.1 million) on sales of 4 billion yuan in 1992.
China's State Administration of Exchange Control expressed anxiety at the sharply falling value of the yuan against the dollar and its effect on import prices and the economy.
Taiwan's Board of Foreign Trade said indirect trade with China grew 27.86 percent last year to a record \$7.41 billion.
Japan and the European Community held their first working-level meeting to analyze Japan's growing trade surplus, and an EC spokesman said another round would take place in Tokyo in early April.
Toshiba Corp. set up Toshiba Electronics Trading (Malaysia) Sdn. in Kuala Lumpur to handle sales of its electronic components.

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does for growing number of companies and
worldwide See CUSTOMER SERVICE, COMPETITIVE
OLUTION REVENUE GENERATION.

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AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
74	44	40	Amgen	0.76	4	18	100	110	105	108	+
12	4	3	Amgen	0.76	4	18	100	110	105	108	+
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NASDAQ

Tuesday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month	High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
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صكنا من الامم



Price changes at the stock exchange.

Kuwait

Two Years After Liberation



The National Assembly.

Two years after liberation, more and more Kuwaitis see the current period as a new dawn in their country's history. The economy is picking up again. Oil production, at 2 million barrels a day this month, has exceeded expectations. Free elections have been held. And the National Assembly is leading the way toward greater democracy in the Gulf.

Positive Signs After the Storm

Though signs of a new dawn are numerous, Kuwait is still agonizing over the more than 600 prisoners of war and missing persons held in Iraq, and the local economy is in limbo until the debt settlement program is fully implemented.

The population is stabilizing at around 1.4 million, of which slightly less than half are Kuwaiti nationals. The oil sector, which has been given priority, is in good shape, and Nasser Abdulla Al-Rodham, minister of finance, has forecast revenues of \$9.2 billion for 1993-94. He has announced a budget deficit of \$6.2 billion for 1992-93 compared to \$17.5 billion in 1991-92. He also says that the government is to cut spending by 10 percent. Yet the realization that Kuwait will never be the same as it was before the 1990 invasion has finally sunk in.

Grandiose plans for infrastructure development that were proposed immediately after the Feb. 26 liberation have now been scaled down and in many cases abandoned altogether. Public works expenditure has been cut back following pressure from the National Assembly.

Major expenditures are being made only in the oil and defense sectors, totaling about \$30 billion in the next two to three years. The strategy at the moment is to get everything back together again and to improve on existing facilities — water, sewerage, power, education, health, transportation and telecommunications — that can easily meet the needs of current residents. About 700,000 of them are Asians from the sub-continent, Filipinos, Indonesians, Koreans, a smattering of Palestinians and Jordanians and an increasing number of Iranians. There are also between 25,000 and 50,000 "Bedu," or stateless persons, who have no official papers.

By far the most positive development has been the role of the National Assembly and its 50 deputies. They have become the people's watchdogs and are demanding accountability across the board. There is a new cabinet, all but six of whose 15 ministers are from the ruling Al-Sabah family, but the ministers regularly come under fire during assembly sessions and are asked searching questions irrespective of their status. Confrontation is on the surface, however, and not so deep-seated as in the past, when criticism of the ruling family led to the dissolving of the assembly in 1986.

This time, the Al-Sababs have fulfilled the promises for greater democracy they made at the Taif conference just before the liberation. "There is no question of going back on their word," says Sheikh Saud Nasser Al-Sabah, the minister of information. "Parliament has been of tremendous benefit. It is also a tremendous relief for the government to share its responsibilities. We are still on a 'trial and error' basis, and we face major issues ahead — citizenship, enlarging the franchise and, of course, the economic situation. Some people are still a little skeptical about the assembly, but I don't think they should be."

Jasam K. Al-Sadoun, general manager of Alshall Economic Consultants, a staunch critic of previous governments and now an advisor to the National Finance Committee, comments: "The con-

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A new dawn for young Kuwaitis.

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Economy on Road to Recovery

Although Kuwait can look forward to a considerably reduced budget deficit this year and next, the economic problems ahead continue to demand the concentrated attention of ministers, the parliament and private businessmen and investors.

With spending on defense, security and the repair of oil production and refining facilities taking priority, reconstruction in other sectors has slowed. Plans to reduce public expenditure and push forward a program of privatizations could, however, help restore government finances over the medium term.

Another sizable budget deficit is forecast. In 1991-92, the first full fiscal year after the end of the Iraqi occupation, the government recorded a deficit of \$17.5 billion, according to the Ministry of Finance and Planning, primarily because of the costs of emergency reconstruction and the payment of compensation to Kuwaitis. Other substantial outlays included the contributions to the country's wartime allies.

During the current financial year ending June 30, the deficit is expected to fall to \$6.6 billion, largely because the country is now producing up to 2 million barrels of oil a day. This figure still represents some 35 percent of gross

domestic product and 30 percent of the government's net financial assets, according to diplomatic sources in the country. While some of the gap may be financed by further drawings from Kuwait's estimated \$25 billion to \$35 billion in investments abroad, cuts in public expenditure are taking priority.

Initial plans for the next budget, set to begin in July, call for spending of between \$11.5 billion and \$12.2 billion, according to finance ministry officials. This compares with expenditure in 1992-93 of \$13.2 billion. While no details have been announced, some observers expect targets for cuts to include government subsidies on utilities such as electricity and the country's generous health-care program.

On the other side of the ledger, government revenues in 1993-94 are expected to rise to \$9.2 billion, up from \$6.6 billion this year. This leaves a projected budget deficit in 1993-94 of only about \$3.3 billion, the officials added,

about half the current level. While some of the increased earnings reflect the steady renewal of Kuwait's oil export capacity, other new sources of revenue are also being sought both domestically and internationally.

Overseas contractors, for example, are being required to invest up to 30 percent of their awards in setting up local joint ventures or helping to finance businesses in third countries that are deemed to be of benefit to Kuwait or to Kuwaiti citizens. This offset program could generate up to \$12 billion over the next decade, according to some analysts. Still more export credits will be sought as well, particularly from foreign countries seeking to supply both capital and consumer goods.

While the government has said it will not seek another sizable international loan, having already borrowed \$5.5 billion in December 1991, state-

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THE RESOURCES TO RESPOND

DEPARTMENT OF THE ARMY
DEFENSE RECONSTRUCTION ASSISTANCE OFFICE
KUWAIT CITY, KUWAIT
UNITED STATES OF AMERICA
APO NEW YORK 09880-9002
24 November 1991

Subject: Letter of Appreciation
TO WHOM IT MAY CONCERN:

This correspondence is to relate the extremely important role played by the Mohamed Abdulmohebin Kharafi Industries & Establishments Group during the Kuwait emergency recovery program as administered by the U.S. Army Corps of Engineers from March 1991 through the present day.

Kharafi Industries was part of the initial cadre of highly qualified international construction firms selected by the U.S. Army to effect emergency repairs to the entire civil infrastructure of Kuwait. Mohamed Kharafi was awarded the largest initial construction contract of the entire project for restoring public buildings throughout downtown Kuwait City. This contract was the most challenging restoration tasking awarded by the U.S. Government. Without exaggeration, the accomplishments of Kharafi Industries under this contract were instrumental in bringing a major degree of normalcy back to the State of Kuwait.

In addition, Kharafi Industries further distinguished themselves in equally difficult projects. These included the emergency renovation of the Doha barracks complex for billeting U.S. troops and the complete restoration of the Catering Building at the Kuwait International Airport. Kharafi has performed in an exemplary fashion on each of these critical, high-visibility tasks. However, the most crucial job entrusted to Kharafi by the Army Corps of Engineers has been the complete restoration of the National Assembly Building. This project represents the high confidence placed in Kharafi to rebuild the structure which will house the new democratic institutions of liberated Kuwait.

I can say without equivocation that Mohamed Kharafi Industries & Establishments has played a vital role in the rebuilding of new Kuwait. Since liberation on 26 February 1991, life in Kuwait has been improving by the day, and in large part this progress is attributable to the notable construction achievements of the Kharafi Industrial Group.

Sincerely,
Dwight A. Kelly
Major General, USA
Commanding

DEPARTMENT OF THE ARMY
HEADQUARTERS, CORPS OF ENGINEERS
Ft. Belvoir, Denver, Colorado 80202
APO AF 09001

CETAD-KR-PR August 12, 1992

Subject: Kuwait National Assembly Building Contract No. DACA78-91-C-0622 Letter of Appreciation

Mohamed Abdulmohebin Kharafi
Industries and Establishments
Shuwaik Industrial Area
P.O. Box 886, Safat
Kuwait

Gentlemen:

I would like to express sincere appreciation and congratulations to Kharafi Industries for successfully completing the reconstruction of the Kuwait National Assembly Building.

Your company has distinguished itself as a leader in the construction industry by performing what appeared to be an impossible task. Working under extreme conditions and accelerated construction schedules that were established in February 1992, Kharafi Industries completed the Assembly Hall on June 19, 1992 and the remainder of the building on July 28, 1992 as scheduled.

Kharafi Industries willingness to work in partnership with this Corps of Engineers, was a contributing factor toward completing this significant building for the people of Kuwait. This accomplishment is a tribute to the fine group of professional engineers and skilled craftsmen you assembled on site, and to the individual skill and dedication of your project manager, Yousef Khousa.

Your efforts in reconstructing the National Assembly Building have played a vital role in the rebuilding of Kuwait and in the reestablishment of your government's capability to serve the people of Kuwait. We were privileged to work with you as a partner in the completion of this great undertaking.

Sincerely,
Cynthia S. Witherspoon
Brigadier General, U.S. Army
Commanding

Established over 100 years ago, M.A. Kharafi is a private Kuwait-based organization with diversified interests and activities worldwide. During the Iraqi occupation, Kharafi continued all its activities outside Kuwait, and immediately after liberation, rapidly remobilized and returned to Kuwait to work side by side with contractors from allied countries. Today Kharafi has regained its former size and status as a Grade A International Contractor, whilst its factories, agencies, commercial, investment and international trade and barter divisions are all fully operational, meeting today's new challenges and opportunities.

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 - NICARAGUA: MOHAMED ABDULMOHSIN KHARAFI MANAGUA TEL: (505) 40330/2227 FAX: (505) 41032/2227
 - SAUDI ARABIA: MOHAMED ABDULMOHSIN KHARAFI EST. RIYADH TEL: (966-1) 476344 FAX: (966-1) 476344
 - UNITED ARAB EMIRATES: ADMAN GENERAL CONTRACTING COMPANY ABU DHABI TEL: (971-2) 32227 FAX: (971-2) 32222
 - YEMEN: MOHAMED ABDULMOHSIN KHARAFI SANAA TEL: (967-2) 21330 FAX: (967-2) 26305



MOHAMED A. KHARAFI
A NAME YOU CAN DEPEND ON

Parliament Focuses on Financial Affairs

One of the first priorities for Kuwait's new parliament, elected last October, has been to review the government's foreign investments. Amid intense publicity surrounding the reportedly huge losses incurred by the Kuwait Investment Office (KIO) in Spain, it has now passed a law to ensure more accountability in the country's financial affairs.

Prior to the Iraqi invasion of Kuwait in 1990, widely published estimates valued the state's foreign assets — grouped into the Reserve Fund for

tween \$25 billion and \$35 billion.

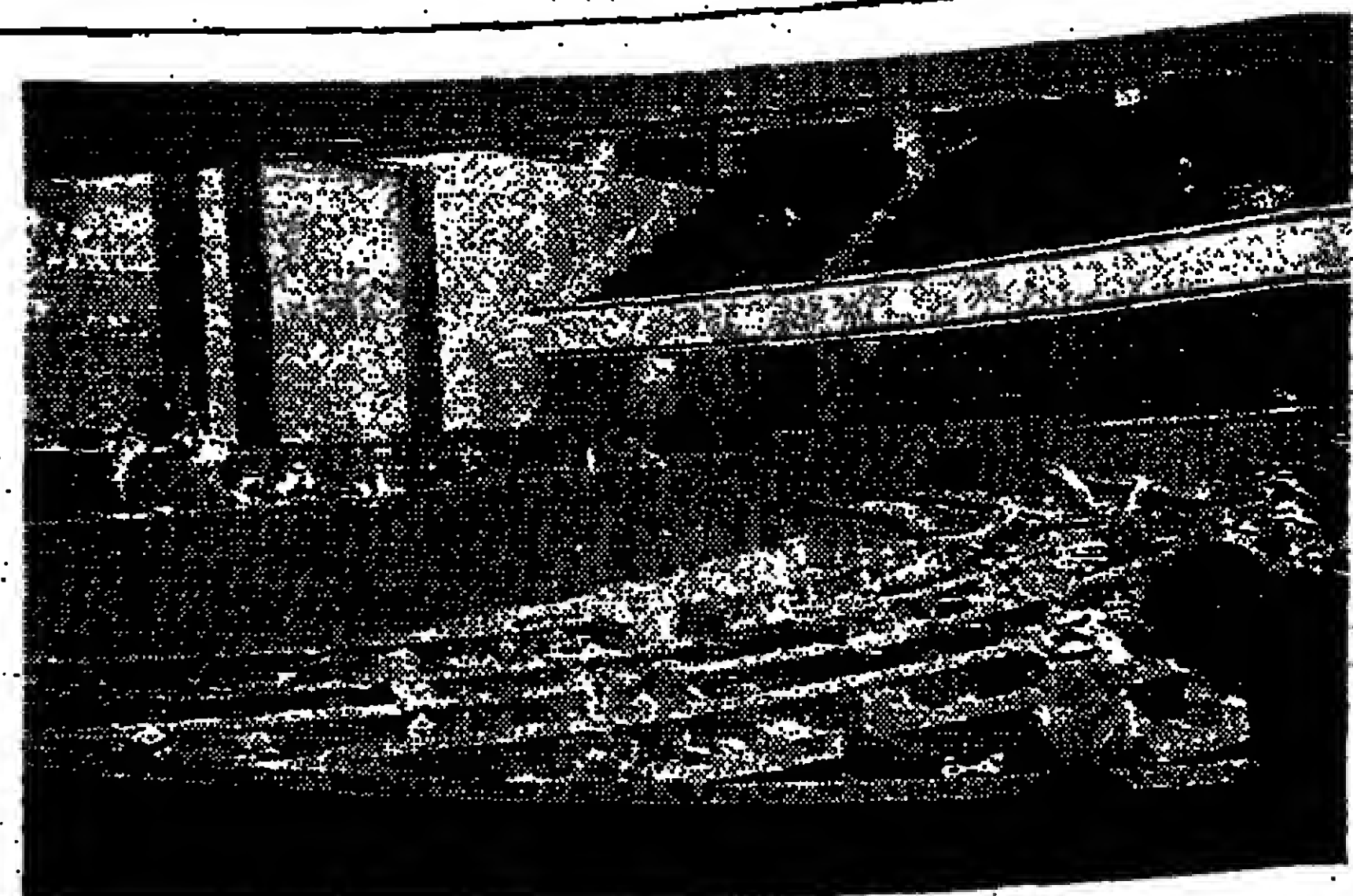
In the past few months, unconfirmed reports have continued to surface that the original valuation was far too high. Moreover, although a large portion of the reduction is attributable to state spending during the occupation and after the Gulf War, the Kuwait Investment Authority (KIA), the arm of the Ministry of Finance that oversees the government's assets, is also thought to have written off some \$15 billion in non-performing loans to Third World countries.

Some parliamentarians are concerned that if the Spanish example is anything to go by, some of the decline may be attributable to the misuse of funds. This concern lies behind the passage in January of the Public Funds Protection Law providing for greater public scrutiny of transactions carried out by state agencies and for more transparency and accountability. Under its terms, the KIA and its London-based offshoot, the KIO, as well as companies having a 25 percent or more state shareholding, will be required to re-

port any transactions worth more than 100,000 Kuwaiti dinars (\$330,000) to the State Audit Bureau. The bureau in turn is obliged to report to parliament every six months. Those found guilty of misusing public funds could face imprisonment for a period of at least five years, and possibly life imprisonment.

Shortly before the legislation was passed, Crown Prince Sheikh Saad Al-Abdullah Al-Sabah promised to enforce such scrutiny rigorously. Those found to have engaged in fraud, he was reported as saying, "will pay the price for breaking the law. We support any measures to protect public money, and we will stand against anyone who violates the law."

In the meantime, the parliament has set up a committee to investigate the activities of yet another state body, the Kuwait Oil Tanker Company (KOTC). Some bankers are concerned that the proposed legisla-



A session of the National Assembly: demand for accountability.

tion might create some administrative difficulties and slow down financial business when quick decisions are needed to create market opportunities.

Private-sector businessmen are also worried that the law could discourage foreign investors from setting up joint ventures in the country. Pamela Ann Smith

New law to watch over state transactions

Future Generations and the State General Reserve — at around \$100 billion. While no official figures have been published since, these are now thought by diplomats and analysts in the capital to have declined to be-

Road to Recovery

Continued from page 15

owned companies such as the Kuwait Petroleum Corporation (KPC), the Kuwait Oil Company (KOC) and the Kuwait National Petroleum Corporation (KNPC) are seeking to raise some of their financing needs through syndicated con-

ernment postpones work on all but the most important infrastructure projects and social services. Some local companies such as Mohamed Abdulmohsin Kharafi, Burhan Kuwaiti Trading and Construction and the Ahmadiah Contracting and Trading Company, however, are picking up important deals for roadbuilding and other public works.

Foreign concerns, such as Bechtel and Foster Wheeler of the United States, British Petroleum (BP), Australia's Noyes Engineering and South Korea's Daelim Engineering Company, have won important awards for work in the oil sector. Others have bid for the project management contract, covering a three-year period, to be awarded shortly by KOC for design and engineering work — tasks allocated to Bechtel after the Gulf War. The Petrochemical Industries Company (PIC) is also going ahead with the construction of a huge ethylene complex, expected to cost up to \$1.3 billion, that will be open to a joint-venture partner.

Boost for petrochemicals

mercial loans raised abroad. Other funds are being generated through local bond issues.

Domestically, the private sector is still reassessing its activities in view of the sharply reduced population of the country: from an estimated 2.2 million before the Iraqi occupation, it has fallen to about 1.3 million. This has cut heavily into retail demand and led to big declines in the turnover of some of Kuwait's main trading houses, even though offices, shops and warehouses have been repaired and restocked.

Local contractors, too, are suffering from the budget squeeze as the gov-



Life returns to Kuwait's markets.

ture, however, will depend to a large extent on the degree to which the planned consolidation of the banking sector goes ahead and on reforms launched by the parliament aimed at overseeing Kuwait's foreign investment policy. While the National Bank of Kuwait (NBK) has recovered well from the invasion and is profitable, the five other

commercial banks and three other leading investment houses, the Kuwait Real Estate Bank and other financial institutions, have suffered losses and may be merged in one form or another. This in turn depends on the government's debt settlement program going ahead, but this is being questioned by the parliament.

Pamela Ann Smith

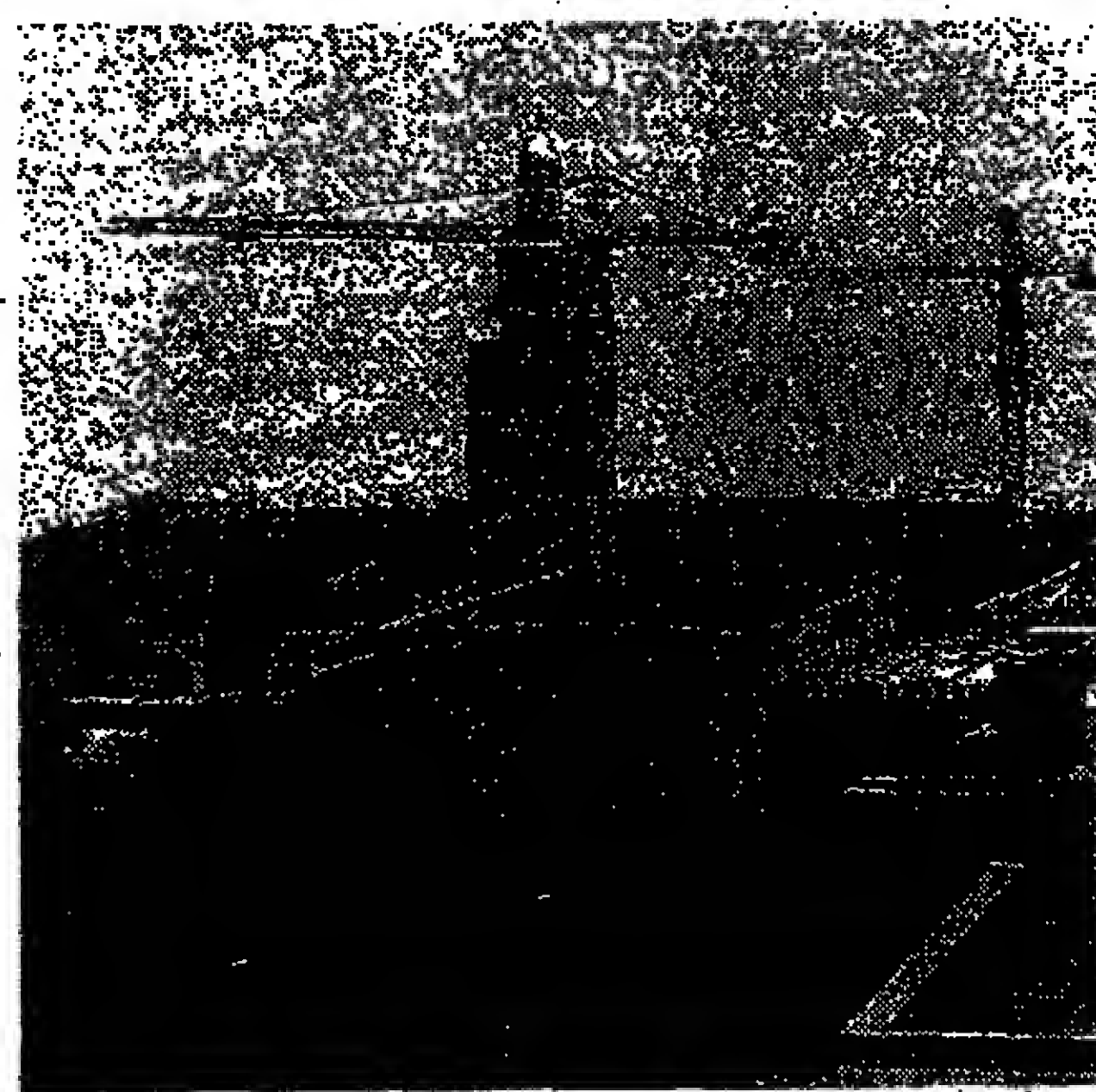
Building Industry Calls for Better Planning

The pace of construction in Kuwait is beginning to pick up slowly but, apart from the oil and defense sectors, it is limited. Contracts worth more than \$700 million have so far been signed. One of the largest is for the \$266 million Amiri Diwan project on the corniche.

Local contractors like Kharafi want the government to be more open about its economic planning, especially since construction is one of the acknowledged barometers of

MEW has awarded nine contracts

economy activity. In Kuwait today, it is virtually at a standstill because of lack of decisions about which projects should, or should not, go ahead. "Nothing is very clear at present," comments Nasser Mohamed Kharafi, president of Kharafi, one of Kuwait's largest construction groups. Kharafi would like to get a bigger share of the local market that is currently going mainly to outside contractors. The company has won the \$102 million contract to build a new headquarters for the Ministry of Public Works and Ministry of Electricity and Water (MPW/MEW), as well as contracts for the Al Qurain housing scheme, a major sewer renovation project and work on the Ahmed Al Jaber air base. Kharafi was awarded about \$120 million



Reconstructing the Amiri Diwan.

worth of remedial and renovation contracts in 1991-92 by the U.S. Army Corps of Engineers.

Mr. Kharafi says that if it had not been for its extensive operations abroad, the company would have had a difficult time. These have included roads, water and sewerage projects in Saudi Arabia, Abu Dhabi, Botswana and, more recently, Albania. "We don't

have to rely entirely on the business we get in Kuwait," Mr. Kharafi says. The company is beginning to get more work at home, mainly from the MPW/MEW. These projects mostly involve water and sewerage services, the Shurwaikh desalination plant, the first ring-road intersection in the city center and the Sabiya Power Station (work began on it

in 1990 and was halted by the war).

The MEW has awarded nine contracts for projects that are now under way, including work on the Doha East and West power stations. Another 29 projects have been approved but are still in the planning stage. Most of these relate to water and power distribution networks, pumping stations and reservoirs. MPW has implemented more than 30 projects since the liberation. These include new buildings at Kuwait University, the reception hall at the airport, the eastern section of the sixth ring road and a \$100 million project involving closed-circuit television survey and repair of sewage networks.

Other major projects include the restoration of the huge Bayan Palace and its conference facilities, which were burned out by the Iraqis. The combined value of these two contracts is about \$120 million. The work is being done by Pan Arab Consulting Engineers, Saleh Al-Marzouk, Sabah-Abi Hamzah and the Kuwait Engineers Office. M.F.

AT&T:

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AT&T Network Systems International is proud to have played an important role in the restoration of telecommunications services in Kuwait. Ever since its engineers entered Kuwait City two years ago, just one and a half days after coalition forces had liberated the country, AT&T has been actively restoring and improving Kuwait's communications facilities to allow continuation of business with the rest of the world.

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AT&T is active on a global scale in the fields of advanced voice and data long distance communications, switching and transmission equipment for public networks, data processing and communications equipment, microelectronics and telecommunications equipment for business and consumer markets. AT&T Network Systems International, headquartered in Hilversum, The Netherlands, represents AT&T's telecommunications equipment business in Europe, the Middle East and Africa. AT&T has representative agents for various consumer and business products, systems and services in Kuwait, as well as a strong presence in Saudi Arabia and throughout the Gulf Region.

AT&T Network Systems Int'l-Kuwait
New Khaleeja Bldg-4th Floor, Sharq,
P.O. Box 29303 Safat, Kuwait
Phone: (965) 242-9710/1
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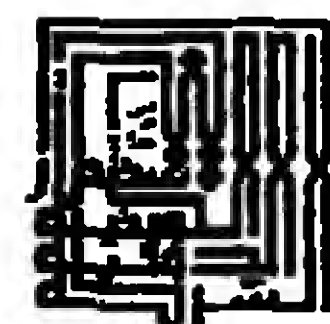
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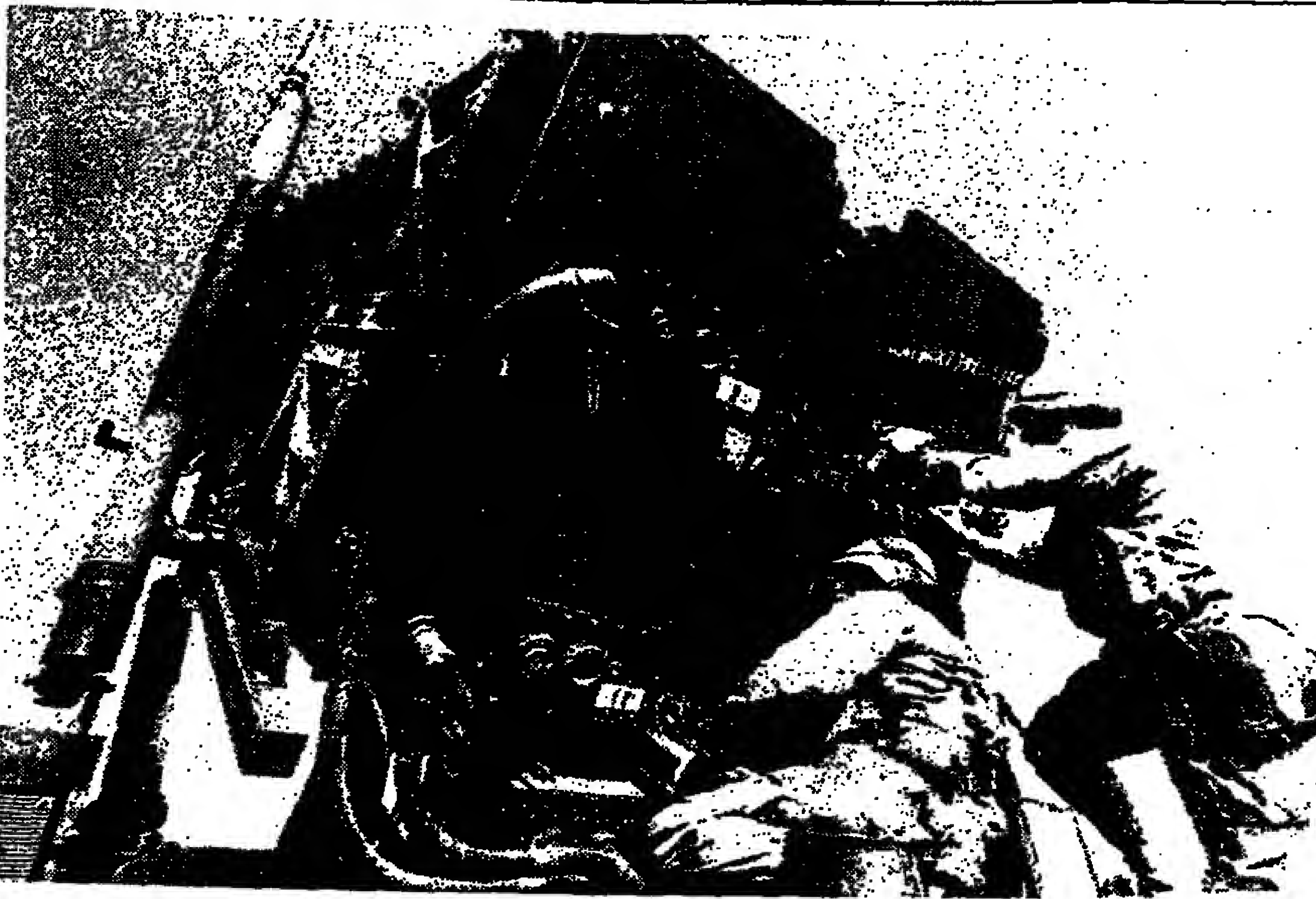
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ADVERTISING SECTION

ADVERTISING SECTION



U.S. army troops set up a Patriot missile launcher in Kuwait (January 1993).

Rebuilding and Expanding Health System

The oil boom enabled Kuwait to establish a health-care system on the basis of free care for all, but now the fall in oil revenues and the aftermath of the Iraqi invasion are prompting the government to review its health-care system.

Following independence in 1961, Kuwait's government developed initiatives designed to ensure that Kuwait would become a full welfare state in which both citizens and ex-

3,000 doctors, this meant there was only one doctor for about every 650 people, while the average for the developed world was one for every 380 people.

siderable criticism of the provision of existing services, but it was accompanied by discussion of alternatives.

There were proposals that received broad support for what amounts to a national insurance scheme, with a specific levy on wages and salaries, covering employees in both the public and private sector, which would then be dedicated to health-care provision for both citizens and expatriates.

The assembly's initiative was followed up by Public Health Minister Abdel Wahab Suleiman Al-Fawzan, who said a new health insurance scheme was being considered. It now appears that Kuwait will seek to secure an expansion of its health services in the 1990s through increased taxation, although, as in Britain, the deductions will likely be termed insurance. The service will remain free in the sense that there will be no significant specific charges.

In the meantime, the government is refurbishing the hospitals in the wake of the Iraqi invasion and trying to rebuild Kuwait's own medical industries. Last year, India's Paam Pharmaceuticals was negotiating a 150 million Kuwaiti dinar (\$500 million) contract to rehabilitate local pharmaceutical production facilities.

John Roberts

'Assessment and review' of health system in progress

patriates could enjoy completely free health care.

In the oil boom era from 1975 to 1985, usually referred to by Kuwaiti officials as "the period of fast expansion," there were plenty of funds for new hospitals, equipment and staff. If citizens required health care not available in the emirate, the Ministry of Health would arrange for treatment abroad, with the state paying all the costs.

By the time of the Iraqi invasion and occupation, the system was already under strain. Its citizens had a life expectancy of 74, one of the longest in the world, but the oil price collapse of 1985-86 was taking its toll on the budget, and spending on health was down to \$850 million. This amounted to 6.75 percent of overall government spending — but only 2.5 percent of GNP, whereas the average for the world's developed countries at that time was 4.7 percent. And while Kuwait had almost

The sheer extent of the country's medical services — Kuwait was one of only 24 countries in the world providing public health care to more than 90 percent of its inhabitants, and almost all the others were in Europe or North America — meant simply that services were being stretched. The health service, officials noted, came out of the growth era and required "a stage of assessment and review."

Then came the invasion. Hospitals were vandalized and equipment ripped out, although the worst horror stories about incubators being seized while they were still being used by premature babies now appear to have been untrue. The buildings themselves, however, were less badly damaged than other government facilities. By the end of 1991, some 90 percent of all hospitals, clinics and health centers had been reopened.

It was against this background of needing to re-equip hospitals and to improve the quality of medical services that the newly elected National Assembly came to consider health issues late last year. There was con-

Positive Signs After the Storm

Continued from page 15

frontation element has been reduced because much more is agreed in cabinet before going to the assembly. There is a strong and positive reaction to problems, and the role of the assembly is very promising. The indirect effect on the government is also very strong indeed, and the Al-Sabahs have agreed to some senior government changes since the elections.

Dinar Y. Alghanim, a leading businessman, agrees about the new role of parliament: "The assembly has given confidence to the nation both locally and internationally. There is now a 'joining of hands' between the government and the assembly to try to make things work for the future. We have to face the realities of life here, where we are living under considerable, and sometimes terrible, pressure from outside."

The specter of Saddam Hussein still hangs over Kuwait, sapping local investment confidence in spite of the strong defense alliance that Kuwait will enjoy for the next 10 years with the United States.

"You have to remember that Saddam is only 20 minutes' drive up the road from us," says another businessman. "We still cannot understand why he was allowed to survive." The flash-fire attacks in January, he says, were a

message to Hussein that "we can still reach you wherever you are."

Kuwait is already spending some \$14 billion on armaments but still looks to the United States and other Western countries for assistance should it be needed. It has what the minister of information describes as a "flexible arrangement" for security with the United States and other allies. He says that the United States has already done more than had been expected in the last few months as far as the protection of Kuwait's borders are concerned.

"There is no doubt that Kuwait can defend the integrity of its borders," adds the minister. But he regards the whole security issue as "an international responsibility."

Another important international issue is the return of the POWs and missing persons held in Iraqi prisons and detention centers. This is an emotional and disturbing issue for Kuwait. The government has mounted a massive international campaign to draw the world's attention to the plight of the more than 600 missing people.

The minister of information feels that the United Nations has not put enough weight behind the cease-fire agreement under which Iraq should have returned all prisoners. "We think there has been too much concentration on other matters with Iraq,

like destroying weapons of mass destruction, and the humanitarian issues have been passed over."

It is the economic situation, however, that dominates much of the parliamentary activity. Kuwait's investments through the Fund for Future Generations (10 percent of all oil revenues were automatically placed in the fund) have been dramatically reduced, from at least \$120 billion before the war to between \$25 billion and \$35 billion.

The publicity over the operations of the Kuwait Investment Office has not helped Kuwait's image. The National Assembly is still fighting over exactly how the banks should collect the bad debts from the Souk Al Manakh crash 10 years ago plus a new round of debts resulting from claims and losses following the invasion.

Sheikh Salem Abdul-Aziz Al-Sabah, governor of the Central Bank, hopes matters will be finally settled within the next two months. "What do we do with the debtors, how do we reschedule their obligations?" he asks. He threatened to resign earlier this year unless a decision was made.

Sheikh Salem is also putting pressure on some of the banks to manage their operations more efficiently so as to reduce the cost to the government that bailed them out. He advocates more mergers to

strengthen the commercial banking system, and the possibility of allowing in foreign banks is under review. "This would be a good thing," he says.

He is also firmly behind the privatization policy (telecommunications will be the first major company to be publicly floated next year), which is expected to be a catalyst for more local investment activity.

Such matters are discussed at a weekly meeting between the government and representatives of the National Assembly. An official of the Kuwait Investment Authority, which is divesting itself of local investments as part of the privatization policy, says the KIA has already sold off 7 million Kuwaiti dinars (\$23 million) in 13 companies since last June.

There is no doubt that Kuwait is determined to get back on track as an oil producer and in the longer term as one of the economic powers among the Gulf states.

"I think by the summer many of our economic problems will have been worked out. We have to learn how to manage our deficit, which is about \$5 billion," says the economist Mr. Al-Sadoun, who is confident that the National Assembly will ensure that the government keeps its eye on the ball.

Michael Frenchman

Science and Education: Focus on People

Kuwait's progress in education was summed up graphically a few weeks after its seizure and occupation by Iraq. "Kuwait is not oil; Kuwait is people; civilized, urbane, sophisticated and with a long relationship with the West," said Dr. Hassan Al-Ebraheem, a former minister of education.

"Our investment in human resources in the area of education, health and welfare is without rival. Our schools, universities and research institutions are exemplars to the rest of the region," added Dr. Al-Ebraheem.

The emphasis on education, which regularly received about 13 percent to 14 percent of government budget

buildings of almost everything they contained — lights, electric switches and even door handles.

The U.S. Army Corps of Engineers was asked to refurbish 154 of the 300 schools that the Ministry of Education determined would be necessary to meet the needs of the country's shrunken population following its liberation. One early response to this demographic change was a declaration that no new public schools would be built. On August 26, 1991, the public school system resumed full activity. There were some changes to the curriculum: pupils were given instruction in how to recognize different types of bombs so they would stay away from them.

Kuwait University faced particular problems. Not only were its buildings damaged by the Iraqis, but its library was looted, prompting the government to order some 700,000 volumes to replace its lost books. When the invasion came, the university was embarking on a vast rebuilding and expansion project.

Despite a general slowdown in spending, the government decided in 1991 to go ahead with the project, which, including post-war reconstruction work, was budgeted at

around \$450-\$500 million. U.S. consultants Daniel, Mann, Johnson & Mendenhall, together with the local Project Management & Control, were awarded an \$11 million contract last year to resume supervision of the scheme, which is currently scheduled for completion by early 1996. The project includes construction of an enlarged campus at Shuwaikh. The Kuwait Engineers Office, which is currently working on revised plans for the campus, has overall responsibility for project master planning and also for infrastructure, building work and electro-mechanical works.

Over the years, the country's scientific centers have won a high reputation for their ability to research complex problems in the region. Now they are applying their expertise to their own country. The Kuwait Institute of Scientific Research is now carrying out a study for the Ministry of Electricity and Water on the best ways of tackling the rising water table in Kuwait City. The institute's work includes a study of the reasons for the rise and a possible solution, including the eventual implementation of a pilot project to see whether the solution works. J.R.

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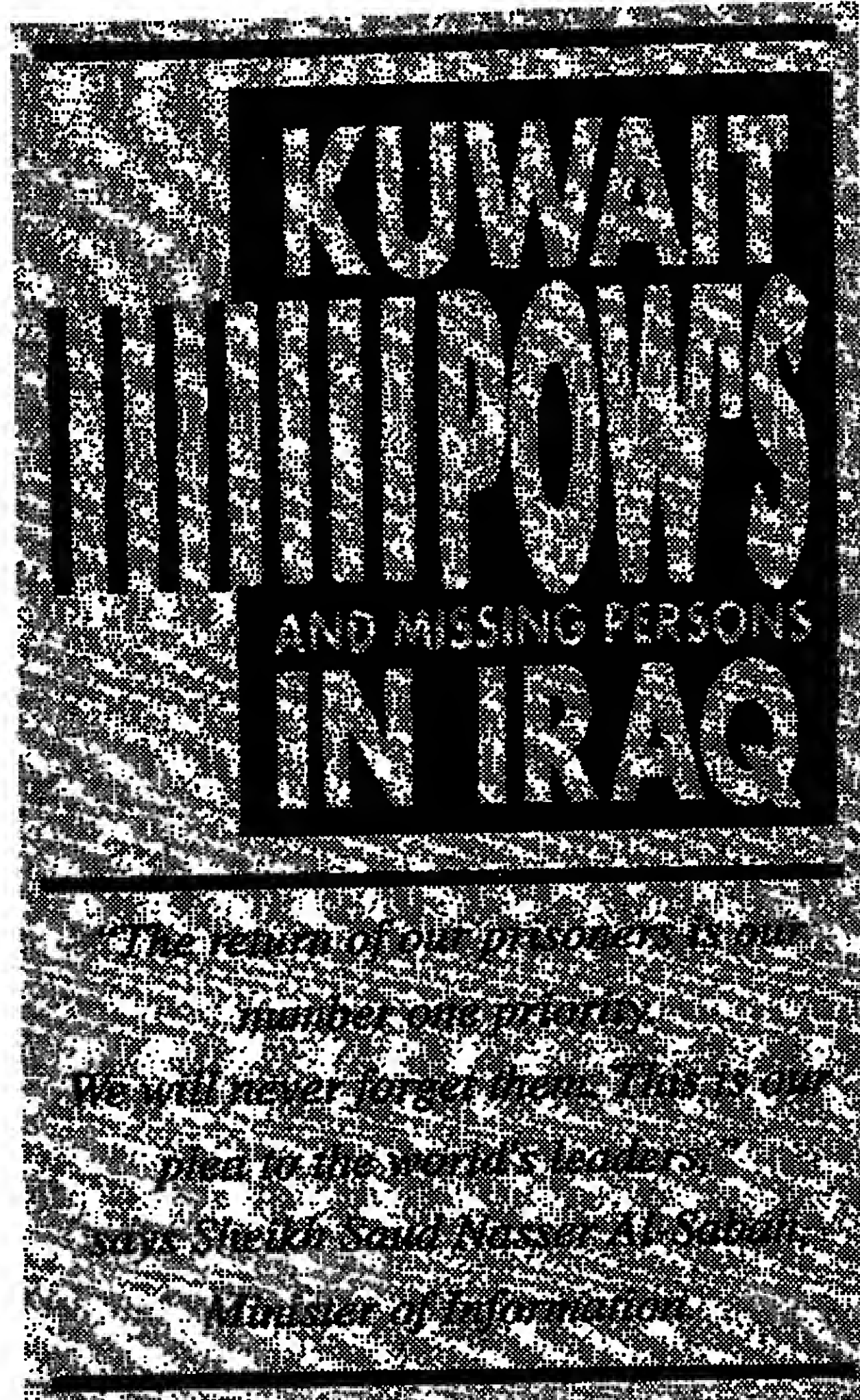
During the past six weeks, Kuwait has been conducting a worldwide diplomatic campaign to bring pressure to bear on Iraq to release more than 600 missing persons and prisoners of war still held in Iraqi prisons and detention centers. Iraq has continually denied that it is holding any POWs.

"The return of the prisoners is now number one on our list of priorities and the main political issue in

"Those people are part of us"

Kuwait today is to get our people back," declares Minister of Information Sheikh Saud Nasser Al-Sabah. Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, first deputy prime minister and foreign minister, has personally led missions to 13 Muslim countries during recent weeks. Other ministers have been going to both Europe and the Americas. They have been urging as many countries as possible to seek the assistance of the United Nations and the International Committee of the Red Cross (ICRC) in getting prisoners released. "One of the conditions of the UN cease-fire resolution was the release of all detainees, including nationals from other countries. Since then, we have tried every avenue to gain access to the POWs and the detainees, although I would prefer to call them hostages," says Sheikh Saud Nasser Al-Sabah.

"A large percentage of them were civilians who were taken as hostages by the Iraqis during the occupation rather than military people," the minister of information points out. "We have been urging many countries, the Red Cross and many other international bodies as well as the United Nations to exert as much pressure as possible on Iraq to release these people — so far we have not been successful. Iraq has refused to give the Red Cross access to the prisons so as to identify the Ku-



waiti detainees. We know they have been mixed with other prisoners to confuse us, and the Red Cross is frustrated at their meetings with the Iraqi authorities. The Iraqis have always denied that they are holding any detainees, yet they are refusing the Red Cross access to the prisons."

Sheikh Saud Nasser Al-Sabah is himself frustrated by the apparent lack of interest of the world community in implementing the United Nations resolution. "They seem to be concentrating on weapons of mass destruction and the border issue — not the

release of the Kuwaitis and other detainees, which we feel is the major issue. We have brought up this question with every international organization, with every head of state, to force Iraq to let us see these prisoners, but Iraq constantly denies that it is holding anyone. So what can we do?"

Files on all missing persons have now been completed and have been presented to the ICRC in the first phase of a campaign for the release of all detainees. This involved putting together reports on more than 600 missing persons. The second phase

is the compilation of detailed dossiers on more than 6,000 POWs who have been released by the Iraqis since the liberation two years ago. The purpose is to obtain as much information as possible about prisons and detention centers in Iraq, and about the whereabouts of any possible missing Kuwaitis and nationals from other countries taken by Iraq. The United States is sending special debriefing experts to talk to the released POWs.

Duajj Al-Anzi, general manager of the National Committee for Missing Persons and Prisoners of War Affairs, says the IRC gave assistance and special training to the committee's volunteers, who helped to compile the first 600 files on the missing persons. The committee was formed in May 1991 (it was reformed a year later), and work on compiling the first batch of files started in August last year. "Our purpose is to try to prove that these people are missing, that they do exist and that they must be released," says Mr. Al-Anzi.

Another phase of the campaign to find out what really happened to persons who disappeared during the occupation is a satellite search of the approximately 20 mass graves in the country. About 900 bodies have already been found, of which only 300 have been identified. It is thought that there are more mass graves that have not been found. Mr. Al-Anzi says that U.S. satellite scanning technology will be used to pinpoint the graves. Then DNA analysis techniques similar to those used to identify victims in the Vietnam war will be employed to try to identify the remains. He would like to see a permanent team of inspectors set up under the auspices of the United Nations to learn from Kuwait's experiences. They could carry out similar investigations should such events occur again in another part of the world.

But the priority at present is to identify Kuwait's own missing people and to bring about the return of its POWs. "Until that happens, no Kuwaiti will feel the war is over. Those people are part of us, and they must be returned," says Mr. Al-Anzi. M.F.



Three Missing Sons: A Mother's Story

"Day and night are the same for me — I just live in hope. I don't care what happens, but for God's sake give back my children!" says Mrs. Badria, who watched three of her children, all in their 20s, being dragged from her house by Iraqi soldiers in January 1991. They were bundled into one of the family cars and taken off to detention centers in Kuwait City.

Apart from a brief glimpse of the eldest son, Mohamed, at a police station a week later, nothing definite has been heard about them. All Mrs. Badria knows is that they are

Only 18% are military personnel

among more than 600 missing persons and prisoners of war still held in Iraqi jails. This is her story: "It was about 5:00 A.M. on January 25, 1991. More than 50 Iraqi officers and soldiers surrounded our house. Some of them beat down the front door and, armed with automatic weapons, ran throughout the house.

where we were all asleep. We were terrified. My husband is a sick man with a bad heart.

"Three of my boys were in their beds — Abdullah, aged 21; Nouri, aged 27; and Mohamed, aged 29. They grabbed them in their sleeping clothes and dragged them downstairs and outside the house. Then they bundled them all together with nine young boys and men from neighboring houses in one of our cars. They took them to a police station, where they were all separated and sent off to different detention centers. "A week later we heard from an acquaintance that Nouri was at one of the police stations. I went along and managed to see

him for a moment. He was still in his night clothes, filthy, dirty and afraid.

"We could not talk, and I was forced to leave him. Nouri is an engineer and Mohamed a computer engineer. Abdullah, the youngest, was just completing his first year at the university. They were such good boys, but I still have another two children, a boy aged 12 and a girl who is 14.

someone and you lose them, or your children are sick. This is how you feel; you cannot exist; everything is dark. My husband is suffering too and his health is worsening. When he goes to the hospital he has nightmares and dreams. He sees his three sons standing by his bedside. They tell him not to worry. They will be home soon.

"We have to have hope; we have to believe that something will be done," she continues. "We cannot believe that the world will stand by and see this go on and on — and on."

About 500 families have reported their sons and daughters missing. Eighty of them have lost two or more children. Through the National Committee for Missing Persons and Prisoners of War Affairs, the families support each other in their grief. And, most important, they exchange information gleaned from a variety of sources about their missing children and relatives. According to the committee, 50 percent of the missing persons are women and only 18 percent of the total are Kuwaiti military personnel. Very few are, under the age of 15 years, and very few older than 60 years. (The names in this article have been changed to protect the family and the missing prisoners.) M.F.

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Cleanup in action: 749 of Kuwait's 1,080 oil wells were set ablaze during the Gulf War. About 11 million barrels of oil poured into the sea, creating the biggest oil spill in history.

Coping With the World's Largest Oil Spill

Cleaning up and restoring the marine environment in the Gulf following the greatest oil spill in history during the Gulf War will cost at least \$1.1 billion. In comparison, the Exxon Valdez oil leak was equivalent to about 2.5 percent of the 1991 Gulf disaster, according to the United Nations Environment Program.

Kuwait is now appealing to the international community to help finance the cleanup operation and remove the after-effects of this man-made disaster.

"The Iraq-Kuwait armed conflict represented a direct, unprecedented assault on the environment and natural resources of the area... The largest oil spill in history, the ignition and damaging of nearly 800 Kuwaiti oil wells, and military activities in a fragile arid environment all had a massive and potentially devastating effect on the

Long-term effects are being monitored

environment. The crisis provided the first major test of a new sense of global responsibility to the world's environment," according to a UNEP report published December 24, 1991.

Dr. Abdul Rahman Al-Awadi, executive secretary of the Regional Organization for the Protection of the Marine Environment in Kuwait (ROPME) told scientists meeting in Kuwait in January that the same international effort that liberated Kuwait from the Iraqis was needed to "liberate the environment from permanent damage." He told the scientists, who had gathered to hear the preliminary results of a 100-day environmental survey of the Gulf by the U.S. research vessel Mount Mitchell last year, that immediate action was needed to restore the marine environment.

"The sea is vital to the people and life of the region and will remain long after oil resources are gone. Restoring the environment is an enormous task that ROPME and its member states cannot shoulder alone. So, every step must be taken at local, regional and international levels to safeguard the marine environment from permanent ecological damage and destruction," says Dr. Al-Awadi, who was in charge of the emergency anti-pollution committee. Of the 10 to 11 million barrels of oil spilled into the sea, he says, 1.5 million barrels were recovered, between 4 and 5 million landed on the coast and approxi-

mately 4.5 million barrels evaporated into the atmosphere.

"One of the real problems is the effect on the intertidal zone, where there is a continuous source of pollution from oil leaking from the sand, which has become a kind of asphalt mat. Our major concern is that the marine food cycle might be affected — the so-called 'nursery areas' where plankton and algae grow. We just don't know how the pollution will affect what is one of the primary sources in the food chain. However, we have noticed some changes in plankton, and fish may be affected to some degree," he explains, adding that in spite of these findings, he does not think the situation has reached crisis point yet.

Dr. Al-Awadi believes it would cost about \$700 million to clean up the shore line where the main pollution occurred. This might take another two to three years to complete. The question now is which method to choose — using chemicals to break up the oil mass or trying to scrape it up by mechanical means? "We are looking into this right now, but the main question is one of finance. Where are we going to get the money from?" asks Dr. Al-Awadi.

The long-term effects of the pollution on Kuwaiti citizens is also being monitored. Two thousand Kuwaitis from 400 families are being regularly examined to see if they have suffered any harm from atmospheric pollution. Dr. Al-Awadi comments, "I am glad to say that up to now the effects do not seem to have been as bad as expected — but don't ask me about what the position will be tomorrow. We still have to wait and see."

The Mount Mitchell cruise between February and June last year was a cooperative venture involving the ROPME, the Intergovernmental Oceanographic Commission of UNESCO, the U.S. National Oceanic and Atmospheric Administration and 15 regional Middle East governments. There were more than 140 scientists from 15 different countries on board the vessel.

M.F.

Recovering a Nation's Cultural Heritage

Thousands of looted items are still missing from Kuwait's National Museum, most of which was destroyed by Iraqi troops. It was Saddam Hussein's attempt at "ethnic cleansing" — to wipe out Kuwait's heritage and national identity.

Restoring the museum complex, which included a planetarium, is expected to cost around \$20 million. Although it has been more than two years since Iraqi soldiers stripped and burned the museum and

30% of collection is still missing

planetarium, leaving a blackened shell behind, the smell of burning lingers so strongly that it might have taken place yesterday. The only identifiable objects in two of the main exhibition galleries are parts of air-conditioning equipment lying on a carpet of broken glass and metal frames that is more than a foot deep in places.

Inside the planetarium are lighting and display control computers and the main Zeiss "space master" projector twisted by the heat — the remains of an earthbound version of star wars. A splendid large brass astrolabe set on a concrete base remains intact in a downstairs display room. "They took out every one of the 100 bolted-down chairs in the auditorium but left behind the costly technical equipment before they set fire to the place. We will never understand the minds of those lunatics," says Mohamed B. Al-Qatami, director of the planetarium, adding: "They could have taken the projector and other equipment for spares as they have exactly the same kind of planetarium in Baghdad."

Mr. Al-Qatami believes it will cost \$5 million to restore and re-equip the planetarium, which will be the first part of the National Museum complex to be rebuilt. About four companies from the United States, Germany and Japan are expected to tender for the supply of technical items.

Outside the planetarium is another stark reminder of the museum's unwelcome visitors: a large anchor and hundreds of rusting nails lie in a fenced-off area — all that remains of the magnificent "Al-Muhallab" sailing dhow that was set ablaze. Built more than half a century ago, it was once one of the fastest trading ships in the Gulf.

Tucked away in a small two-story building are thousands of items returned from Iraq under the auspices of the United Nations following the 1991 ceasefire agreement. There are shelves stuffed with valuable objects, packing cases and trunks, along with more containers with small items in plastic envelopes, all identified, catalogued and awaiting the day when they will go on display again.

"We think at least 30 percent of the total collection is missing, possibly destroyed," says Bazza M. Al-Dawoud, assistant director. After the cease-fire an international team of experts searched Baghdad for Kuwait's treasures, all of which had to be identified. A UN C-160 transport plane made 13 flights to Kuwait to bring back the bulk of the nation's heritage, which also included part of the private Islamic treasures collected and loaned to the museum for display by Sheikh Nasser Sabah Al-Ahmad Al-Sabah and his wife, Sheikhah Hussah Al-Sabah. This was one of the finest collections of its kind in the world. Luckily many of the more valuable items were on a traveling exhibition in Europe at the time of the invasion.

The Iraqis also took Kuwaiti ethnic treasures from other exhibitions at the Kuwait airport and the museum on Failaka Island. Weapons, mainly old

rifles, were taken from a museum at Jahra close to the Iraqi border, but these were found in an Iraqi tank soon after the liberation. "Now we are finishing compiling lists of the remaining missing objects from all over Kuwait, which we are giving to the United Nations so that the UN can try to force Iraq to give us back all our treasures," says Miss Al-Dawoud.

A report has also gone

to be the first to be opened. "The problem is we don't really know when. We are getting a lot of help from countries like Denmark, France and the United States, but it's a question of money and priorities," explains Miss Al-Dawoud. At the moment, it appears that no definite action will be taken for some time.

In the meantime, the museum authorities are going to concentrate on traveling exhibitions



A National Museum staff member with items returned from Iraq.

to UNESCO detailing the current position and seeking advice and help with restoring the National Museum to its former glory. Two of the main exhibition halls were only slightly damaged and will

abroad (there was a big display at Spain's Expo last year) to show that Kuwait's heritage and culture are still very much alive in spite of having been ravaged by Iraq.

M.F.

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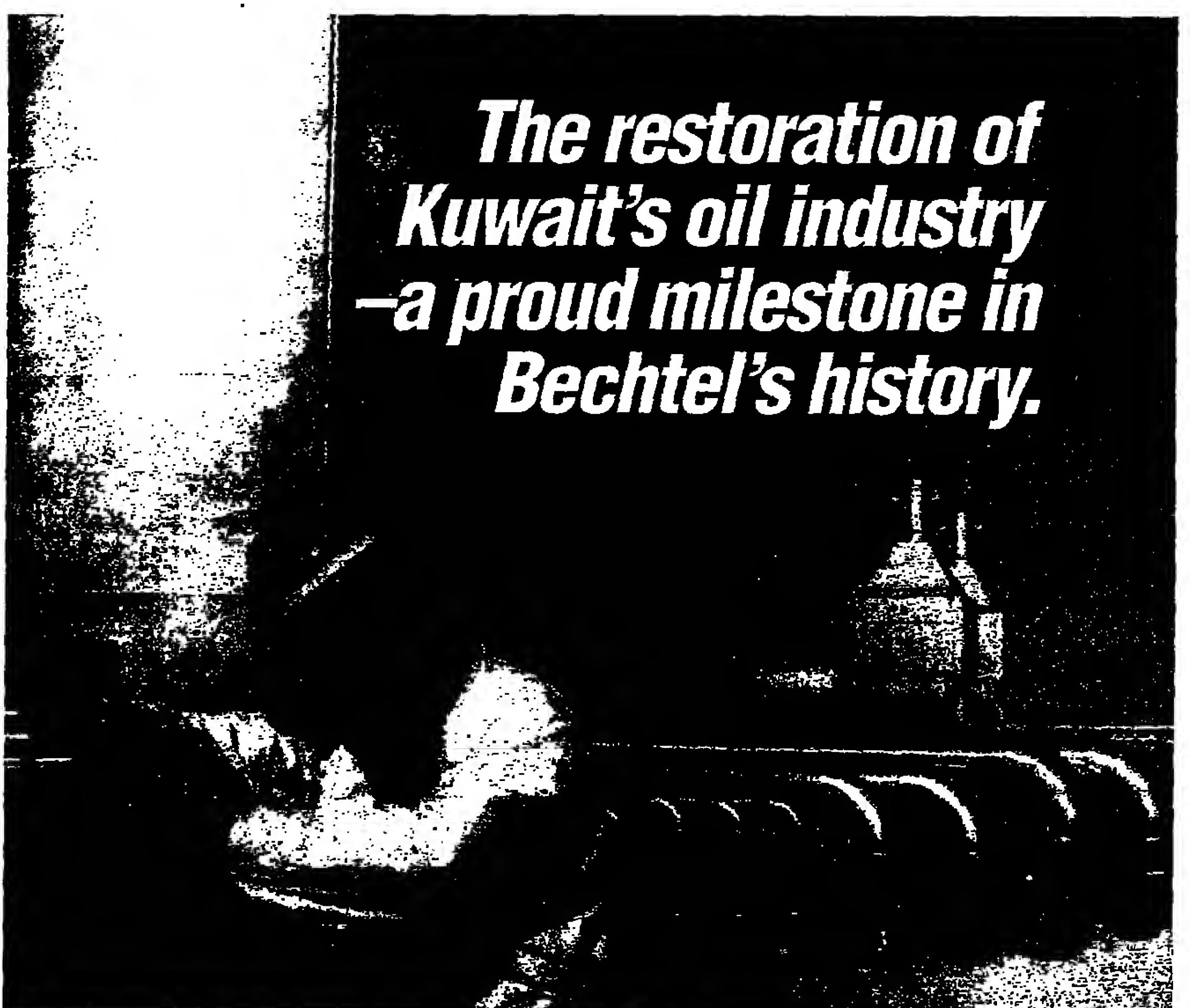
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ADVERTISING SECTION

Military Sector Re-Equipping

In the aftermath of the invasion and occupation, it is scarcely surprising that military spending in Kuwait should be soaring — and that the prime beneficiaries of weapons contracts should be the three principal Western members of the coalition that secured the country's liberation.

The United States, Britain and France have already picked up some highly lucrative contracts as a result of Kuwait's need to re-equip its forces, and each of the three countries has signed far-reaching agreements intended to facilitate military sales as well as cooperation between their armed forces and Kuwait.

The British government, to streamline U.K. military sales, took a leaf out of Washington's book in December when Defense Secretary Malcolm Rifkind signed an agreement in London with the visiting Kuwaiti Defense Minister, Sheikh Ali Sabah Al-Sabah Al-Sabah, enabling all three branches of the Kuwaiti armed forces to purchase defense equipment and services directly through the U.K.'s Ministry of Defense.

The Kuwaiti authorities have already determined that they will be very high spenders indeed, buying state-of-the-art technology for all three services. In August, the

The deal caused some concern among U.S. allies. There was a rumor that an unofficial arrangement had been struck whereby the U.S. would secure the bulk of the military aviation contracts while Britain would provide ground warfare equipment and France would re-equip the Navy. In fact, it has not worked out that way.

While France has indeed secured one contract to supply 12 high-speed military patrol boats and is hoping to sell between four and eight of its much larger Combatant-4 patrol boats at a price of up to \$200 million each, Britain will work on rebuilding the main naval base. In February 1992, the British-Kuwaiti Defense Group — an ad hoc consortium embracing leading U.K. civil and military contractors — secured a letter of intent for a 100 million Kuwaiti dinar project to restore and renovate the base. The group also has a contract to train Kuwaiti naval personnel.

British Aerospace is also trying to sell Kuwait its Hawk trainer aircraft, which are already in service elsewhere in the Gulf and may yet be the focus of a further major sale to Saudi Arabia. The military aircraft market is likely to be more important in the mid-1990s than right now, however, since Kuwait is still taking delivery of some 40 McDonnell Douglas F-18 fighters originally ordered in 1988 as the key element in a \$1.6 billion purchase of U.S. weaponry. The first batch of these aircraft was delivered in January 1992, and the last batch is due to be handed over next September.

The British were the loudest to complain when the Kuwaitis opted for the M1-A2 over the British Challenger-2 tank, but even so it seems likely that the United Kingdom will also secure orders for ground-fighting equipment. British sources believe agreement may already have been reached in principle on the supply of

GKN's Warrior armored personnel carriers, a deal worth up to \$1.2 billion.

Faced with such eager suppliers, the Kuwaitis have naturally sought to maximize their bargaining position. Last July, the Kuwaiti cabinet approved the structure of a military offset program under which winners of contracts worth more than 1 million Kuwaiti dinars must reinvest 30 percent in offset projects. In January, Hughes Aircraft System — which the previous month had won a \$92 million order to supply a ground-based early warning radar system — became the first foreign company to sign an attendant offset agreement, in this case worth \$27.6 million. Raytheon, which is providing Kuwait with its famed Patriot anti-mis-

sile missiles, is expected to be the second company to sign an offset agreement. But the real test will come with the tank and armored vehicle deals agreed upon or under negotiation with the United States and the United Kingdom. The government hopes that offset agreements will become a channel for both transferring technology to Kuwait and boosting Kuwait's private sector, whose companies would become partners in high-tech joint-venture industries that the Kuwaitis would like to see established with seed capital generated both by the government and its Western military suppliers. The absence of any liberalization of Kuwait's investment laws makes it probable that the government now envisages offset arrangements as the principle method of securing fresh foreign investment in the country.

John Roberts

Offset reinvestment figure set at 30%

government announced plans to spend \$12 billion over the course of the next 12 years on rebuilding its armed forces. Not all of this will come from the country's defense budget, which is set at 473 million Kuwaiti dinars (\$1.5 billion). The government will also be empowered to draw on the country's general reserves to fund arms purchases.

Even though such levels of spending fall well short of the \$40 billion that some Kuwaiti press reports have suggested the government is prepared to spend over the next decade, they still constitute a massive magnet for major Western companies that are facing reduced prospects at home because of the end of the Cold War.

So far, the United States has secured the most presti-



A memorial to the war is a reminder of past tragedy.

gious contracts. The U.S. Army Corps of Engineers carried out an emergency \$105 million repair of Kuwait's two main air bases immediately after liberation and is supervising a subsequent \$350 million expansion of the Ali Al-Salem and Ahmed Al-Jaber air bases. In October 1992, General Dynamics Land Systems Division secured the biggest contract to date, an order for 256 M1-A2 main battle tanks estimated to be worth over \$2.5 billion. As part of the overall \$4.5 billion package, the Pentagon subsequently announced, the United States will also supply Kuwait with 46 tank-recovery vehicles made by Harsco and 125 armored personnel carriers made by FMC, as well as a fleet of 132 troop and cargo carriers, 460 tactical and heavy-equipment transporters and a plethora of spare parts, equipment, small arms and ammunition.



A \$2.5 billion contract for the expansion of the Ali Al-Salem and Ahmed Al-Jaber air bases.

Allies Reap the Benefits in Contracts

Kuwait's close alliances with the United States, the United Kingdom and France were demonstrated in January when the three Western powers stood firmly behind Kuwait against renewed threats from Baghdad. Now they are reaping the benefits in terms of new orders for the military equipment that the country needs in order to ensure its continued independence.

Regional hopes, first expressed after the Gulf War in the spring of 1991, that Kuwait's Arab allies would play a significant role in defending the country, have been dashed amid disagreements over the size and deployment of any Arab forces in Kuwait and the amount of aid that Kuwait would pay countries such as Egypt and Syria in return for their help. Tension is rising with Iran, too, as Tehran seeks to increase its influence in the area's affairs. This has made Kuwait's links with the West more important than ever.

Even before the events of January 1993, Iraq had already made known its displeasure at the United Nations' efforts to define the border between the two countries. Under a resolution passed by the UN Security Council in August, Kuwait was granted six oil wells in the strategically vital Rumailia oil field, previously held by Iraq under an arrangement in which both states shared the field. Other areas around the Iraqi naval base of Umm Qasr were also turned over to Kuwait as a result of a study carried out by the UN border

commission set up after the war. The Security Council stressed at the time of its vote that its action should not be seen as a reallocation of territory but as a technical task aimed at defining the exact border for the first time. A 1963 agreement between the two countries had left some areas undemarcated. Since then, UN Secretary-General Boutros Boutros Ghali has realigned the UN-

The UN is aiming to settle border disputes

monitored demilitarized zone between Iraq and Kuwait to take the new boundary into account, but disagreements remain about the exact definition of the offshore limits for both countries. The UN has now asked that 3,645 armed troops be sent to Kuwait to protect the new designations.

At the end of January, the Clinton administration, which had already demonstrated its commitment to the policies previously followed by former President Bush during the con-

frontations with Saddam Hussein that month, backed up its support for Kuwait by sending a task force of 300 U.S. troops to show American resolve. Discussions to replace the 500 unarmed members of the UN Iraq-Kuwait Observation Mission (Unikom) patrolling the border are now being carried out with the members of the Security Council, and both the United Kingdom and France, along with the United States, have made known their support for a continuing resolute stance against any further threats from Baghdad.

The three powers are now providing substantial quantities of advanced military equipment to help the government restore and upgrade its defenses. These orders could also pave the way for additional military contracts for the three countries elsewhere in the Gulf, analysts in London say. For Kuwaitis, the continuing commitment of the Western allies to their defense provides hope for the future and a firm basis on which to begin rebuilding their country.

P.A.S.

Offset Agreements Signed

One of the top two buzzwords in Kuwait today is "offset"; the other is "privatization." With a potential \$40 billion in sales and investments for Kuwait's industrial sector through the country's offset program, the two are likely to be linked together.

A year ago, an offset program to promote joint-venture partners' reinvestment in new projects in the country was just a dream of Jassim M. Al-Bahar, chairman of Kuwait International Investment Co. (KIIC). With the help of the Bank of America, he has now succeeded in get-

ting offset accepted by the government.

Three deals have already been signed or are in the final stages of approval. Mr. Al-Bahar estimates that of the \$40 billion worth of potential offset contracts in Kuwait's military and civil sectors over the next eight years, be-

tween \$10 and \$12 billion will have to be invested by contractors over an eight-year period, with half this amount spent over the first four years.

The offset program that was officially adopted by Kuwait's government last July is similar in principle to programs in Saudi Ara-

bia and, more recently, the United Arab Emirates. It applies to all government purchases of more than 1 million Kuwaiti dinars (\$3.2 million); the offset component, or credit, has been reduced in the final draft of the agreement from 60 percent to 30 percent.

"We want to make this a friendly agreement; it is not too tough as we don't want to frighten contractors and investors away. It is in their interest and in our interest — it will benefit everyone," Mr. Al-Bahar says.

The first offset agreement has already been signed with Hughes Corporation as part of a defense sale. Others being finalized in the civil sector include Kuwait Livestock Company (which farms and buys sheep, mainly from Australia), worth around \$2 million in offset credits, and Nokia, the Finnish electronics group, in a deal valued at \$6 million. Nokia is producing mobile phones and is working on fiber-optic cables for Kuwait. Mr. Al-Bahar regards these two agreements as part of a strategy to create a secondary tier of offset credits, or swaps, from civil purchases, which can then be used for third-party investments and joint ventures.

One of the attractions of Kuwait's offset programs is that proposals are not limited to projects in Kuwait. Direct or indirect investments that provide economic benefits for the country are allowed, as is assistance to third countries designated by Kuwait on a case-by-case basis.

This is a 6 percent penalty clause based on the unsatisfied proportion of the offset obligation if the contractor fails to fulfill his obligations: 50 percent in the first four years and the balance within eight years. Mr. Al-Bahar sees KIIC acting as a conduit for offset proposals working in conjunction with other banks, the prime contractor and other companies. He is supported by Sheikh Salem Abdul-Aziz S. Al-Sabah, governor of the Central Bank of Kuwait, who says that offset must be of benefit to the economic system as a whole.

"But proposals must identify specific areas, particularly training, investment and so forth," says Mr. Al-Bahar. He stresses that Kuwait is not looking for charity as far as offset proposals are concerned. He explains: "We want ideas and joint ventures that will work and benefit our country. We want to work with other banks and institutions. We are not only seeking an economic alliance but strategic strength as well, which might also lead to political alliances for the future."

Mr. Al-Bahar believes that the substantial defense sales that are currently being negotiated will help to boost the offset challenge. But he points out that it is not just the megadollar contracts that are important. "We must also look at the smaller deals that can involve the purchase of local products or investments in local industrial investment funds. All these ideas have to be examined if we are to succeed," he says.

Michael Frenchman



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ADVERTISING SECTION

ADVERTISING SECTION

Oil Production: Two Million Barrels

There has been a significant recovery in Kuwait's oil sector. In two years, oil production has gone from almost nil to 2 million barrels a day this month. By the beginning of next year at the latest, production capacity should reach more than 2.5 million barrels a day — 1 million more than the prewar level.

The Al-Tameer (reconstruction) program to bring about a complete recovery in oil production in the shortest possible time after the liberation two years ago has been the undeniable success of Kuwait's overall economic recovery. Before the war, oil accounted for 45 percent of GDP and 90 percent of export revenues. Proven oil reserves are estimated at more than 94 billion barrels. This total is exceeded only by Saudi Arabia, Iraq and the United Arab Emirates.

Kuwait has spent more than \$2.1 billion so far

Storage capacity is expanded

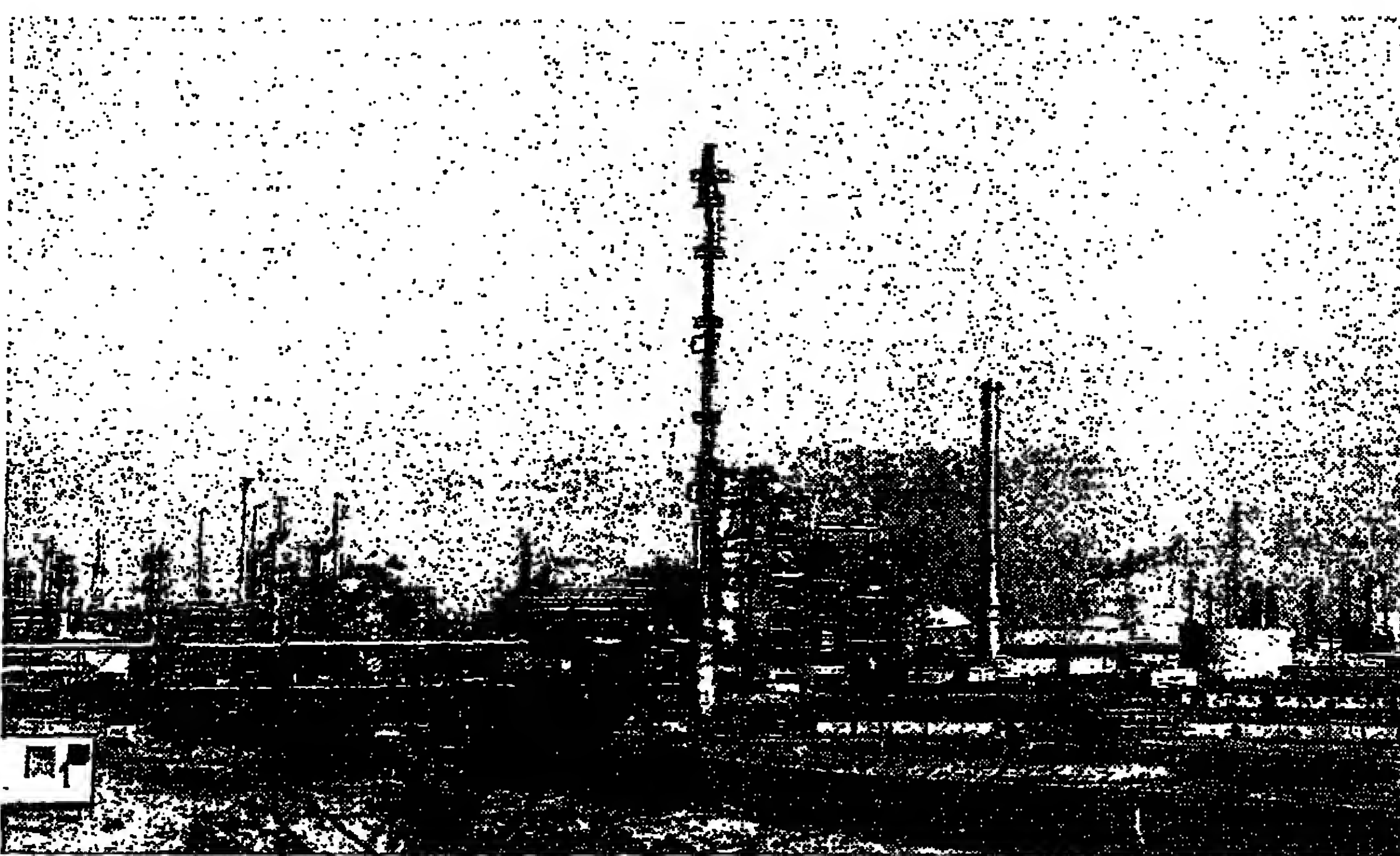
much less than anticipated, on restoring the oil sector to its present production levels. According to local industry sources, another \$8 billion to \$9 billion expenditure will be needed to complete the program, including the cost of new gathering stations and flow lines and the restoration of Kuwait's three main refineries and of the export terminals, including Sea Island, which was almost completely destroyed.

Exactly two years ago, 749 of Kuwait's 1,080 oil wells were ablaze or had been sabotaged by the retreating Iraqi forces, who had already begun a planned "scorched earth" policy in September 1990. Only about 100 wells in the whole country were left completely intact. Major damage was also inflicted on gathering centers, flow lines, tank farms

and refineries. Kuwait Oil Company (KOC) headquarters at Al Ahmadi Town were also burned to the ground but, fortunately, the archives containing valuable data on the oil fields were saved.

Bechtel has been masterminding the Al-Tameer program. Sixteen of the original 26 gathering stations were restored to operation on target by last October. Another two are due to be completed this month, and a third, in the Burgan area, by next month. This will provide an overall capacity of 2.7 million barrels a day. Oil is pumped from the wells through a series of pipes, of which more than 2,500 kilometers (1,552 miles) have been repaired or renewed, to the gathering stations. These are collecting and preliminary processing points where gas, oil and water are separated and any impurities removed before the oil is pumped to the tank farms.

About half of Kuwait's total storage capacity was damaged. But when repairs are completed and some tanks are added, capacity will be expanded to 18 million barrels by the end of the second quarter this year. By last month, around 315 wells had been "worked-over" or re-drilled, and between 80 and 100 new wells had been drilled under an extensive new drilling program being carried out by Santa Fe International, a wholly owned subsidiary of Kuwait Petroleum Corporation. Seventeen drilling rigs are now in use, and others are expected to be brought into use shortly.



The Al-Ahmadi refinery is now back in operation. At present, it has a capacity of 185,000 barrels a day.

A significant amount of Kuwait's oil comes from the divided area known as the Neutral Zone, located on the southern border, whose mineral rights and production are shared with Saudi Arabia on a 50-50 basis. The Arabian Oil Company (AOC), a joint venture between Kuwait, Saudi Arabia and Japan, produces up to 450,000 barrels a day offshore, with production only marginally affected by the war. Onshore exploration and exploitation are carried out by Getty Oil, recently renamed Saudi-Texaco, and the Kuwait Oil Company on a 50-50 basis. Almost all the 300 onshore wells, as well as Getty Oil's 60,000 barrel a day refinery at Mina Al Zour, were damaged or destroyed.

The zone's 95 wells are now producing around 90,000 barrels per day, of which half goes to Kuwait. A major new drilling program is in hand — the first in 25 years — to evaluate deep oil-bearing structures in the zone. BP (British Petroleum) Exploration was awarded a three-and-a-half-year contract last July to provide technical support for KOC. The main purpose is to carry

out damage assessment of the oil and gas reservoirs and to institute systems technology and management programs.

At peak times, Bechtel was employing about 16,000 workers on the recovery program. This has now fallen to some 12,000, including about 7,000 manual workers. An important part of the continuing cleanup program is the collection and processing of the oil spill lakes. Total oil spill has turned out to be much less than anticipated — between 25 and 35 million barrels, of which up to 45 percent has been recovered as "weathered crude." One major shipment has already been made. Bechtel hopes to recover about 17 million barrels.

The exporting terminals and the single point mooring system were also damaged in the conflict. In addition to the destruction of the offshore Sea Island terminal, the south pier at Mina Shuaiba was badly damaged. The South Pier is now fully operational as is the North Pier, which was hardly affected by the war. Repairs are being made to part of Sea Island, and new linkup lines to carry oil from the shore are

being laid to the old SPM, which should be working by the summer. Two additional SPMs may be installed later this year.

The day after liberation, Foster-Wheeler experts moved into the Holiday Inn to begin damage assessment in conjunction with Kuwait National Petroleum Company (KNPC) on Kuwait's three refineries. Two of them, Mina Al Ahmadi and Mina Al Abdullah, are now operational. By the end of last year, Mina Al Abdullah's refining capacity was 220,000 barrels a day and Mina Al Ahmadi's 185,000 barrels a day. Their combined capacity represents about 53 percent of the total prewar level.

Phase 11 of the recovery program aims to raise production levels to a combined total of 600,000 barrels per day. It will be some time before maximum capacity is reached as discussions are still taking place on what to do about the badly damaged third refinery at Shuaiba. Part of the plant may be recommissioned later this year and will provide an additional 130,000 barrels per day of refining capacity. The rest of the plant may be abandoned in favor of a completely new high-grade refinery. Kuwait has also been

carrying out a modest oil and gas exploration and exploitation program overseas through the Kuwait Foreign Petroleum Exploration Co. (KUFPEC). According to its chairman and managing director, Faisal J. Al-Kaznawi, its various overseas operations, stretching from Australia to Tunisia and Yemen, presently produce more than 40,000 barrels per day. It has made a major gas discovery in Pakistan and is drilling a third well in a promising offshore area of Vietnam. Other operations in Southeast Asia and the Far East are being carried out in Malaysia, Indonesia and Papua-New Guinea. The company is also involved in a major production platform and pipeline project to take gas through a 500-mile undersea pipeline from the South China offshore gas field near Hainan Island to Hong Kong.

KUFPEC is one of the three partners in the operating company carrying out the \$2 billion project. The pipeline, which will carry 200 million cubic feet (5.6 million cubic feet) of gas a day, will be one of the longest underwater pipelines in the world. A second pipeline, 100 miles long, will take gas to the mainland for domestic use. M.F.

KPC and KPI Aim At Europe and Asia

The Kuwait Petroleum Corporation (KPC) and its London-based subsidiary, Kuwait Petroleum International (KPI), having weathered the Iraqi occupation and the Gulf War, are now focusing their attention on their marketing and distribution activities in Europe and the Far East.

Other KPC subsidiaries are also looking ahead in an effort to increase Kuwait's earnings from its overseas assets. KPC will develop its EC network and continue to expand its operations in Asia. KPC managing director for marketing, Sheikh Ali Jaber Al-Ali Al-Sabah, said earlier this year. As a result of a major acquisitions drive in the 1980s, KPC owns three refineries in Europe — in Denmark, Holland and Italy — and more than 6,500 service stations in the European Community, Scandinavia and Hungary.

Kuwait presence in most of these countries has been maintained at prewar levels despite the need to completely rearrange supply networks for crude oil and petroleum products during the seven-month occupation.

KPC has also been successful in negotiating new marketing outlets in Asia in the past year. In July, it finalized contracts with Asian producers for the sale of 1.2 million metric tons of naphtha a year. Mitsubishi Corporation of Japan agreed to take 150,000 metric tons, while nine other Japanese firms — including Itochu Corp., Sumitomo and Misui — signed up for 100,000 metric tons a year. Marubeni Corporation, also of Japan, will take 50,000 metric tons. Two South Korean concerns — Samsun and Hyundai — have each reached agreement with KPC on the supply of 100,000 metric tons a year. All the contracts cover a three-year period to the end of August 1995.

Overseas sales are increasing

Other sales, covering diesel and fuel oil products, have also been made in Pakistan under a three-year agreement reached earlier this year for deliveries of 3 million metric tons annually. Additional outlets in Asia include a small network of service stations in Thailand.

Santa Fe International, based in the United States, has helped to restore Kuwait's own oil production since the war. Its operations in the country have included drilling new wells and repairing others. KOC has been active in purchasing new vessels, while KPC's aviation arm provides refueling facilities at international airports in the Far East. P.A.S.

New Policies and New Technologies

• Kuwait's commercial banks are to introduce a common switching system in August 1993. Called K-Net, it will link together about 150 automatic teller machines. During the next three years, a total of 1,500 ATMs will be brought on line through K-Net. Point-of-sales machines may be installed in some shops and supermarkets by the end of the year.

• Two new gantry cranes, two old ones and another two mobile cranes are now operating at Shuwaikh Port. More than 2,400 vessels have called at Shuwaikh and Shuaiba ports, which are operated by the Public Ports Authority (PPA), in the past two years. More than 4.5 million metric tons of general cargo and 127,000 containers have been handled by the PPA, which has just officially moved into its new administrative headquarters. The PPA is considering plans to dredge a new deepwater approach channel to Shuwaikh and is examining the possibility of developing a small free zone along the lines of Dubai's Jebel Ali, says Captain Abdul Rahman Al-Nibari, PPA's director general.

• Gulf Bank says it will consider merging with a strong bank if an approach is made. "We will not turn it down; we will discuss it," says Ali M. Al-Hilal Al-Mutairi, Gulf Bank's chairman.

• Asea Brown Boveri Electrical Co. signed contracts for \$90 million in 1992 to build two new electricity substations and to provide power transmission systems for some existing stations in Kuwait.

• The Public Institution for Social Security (PISS) has increased its investment funds from 1 billion Kuwaiti dinars (\$3.1 billion) in 1987 to 2 billion Kuwaiti dinars last year. PISS receives monthly contributions totaling 46 million Kuwaiti dinars,

and pays out approximately 22 million Kuwaiti dinars a month. Average monthly pensions amount to about 686 Kuwaiti dinars. At present, there are 26,550 pensioners, 34,360 widows and orphans, and 117,680 insured persons registered with PISS.

• The Kuwait Industrial Refinery Maintenance and Engineering Co., which was established 20 years ago, has been getting new remedial and maintenance business. The company has always played a key role in the refining and power-generation sectors.

• The Kuwait Institute for Scientific Research (KISR) has been awarded a \$1 million contract for research in how to establish a communications company, in preparation for the privatization of Kuwait's telecommunications sector.

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Expansion Will Aid Financial Sector's Recovery

This year, Burgan Bank has beaten the National Bank of Kuwait (NBK) by a short head to file its accounts first with the Central Bank. Ahmed A.A. Al-Sabah, Burgan Bank's chairman and managing director, aims to achieve the same level of net profit this year as he did in 1992.

"This will be a challenge in itself," Mr. Al-Sabah says, revealing that preliminary figures suggest a net profit of 7.5 million Kuwaiti dinars (\$24.8 million) for the year ending Dec. 31. Until the Central Bank has approved the accounts, Mr. Al-Sabah is reluctant to reveal the bank's overall position: "Suffice it to say that I think we are now the number two bank."

Mergers of major institutions in progress

NBK, which continues to maintain the premier position among Kuwaiti commercial banks, is the only wholly owned subsidiary, renamed the National Bank of Kuwait International Plc. (NBKI), with capitalization of \$250 million.

"NBKI will help us to spearhead our European thrust into new markets, particularly France. We will follow our traditional trade and investment flows, which will take us to Germany and other countries in the next few years," says the Kuwait-based NBK executive.

Because of the very limited retail banking activity in Kuwait itself, Burgan Bank, which also moved fast after the invasion to open a branch in London, has concentrated on oil financing, partly to benefit Kuwait's own oil-recovery program and partly to benefit third

Real Estate Bank and the Industrial Bank of Kuwait are engaged in official merger discussions. The banking sector is still wracked by the debt settlement program even though the government has exchanged \$20 billion worth of bad debts for 20-year bonds. The bailout has come unstuck because the National Assembly and the government cannot agree on how the bad debts should be collected.

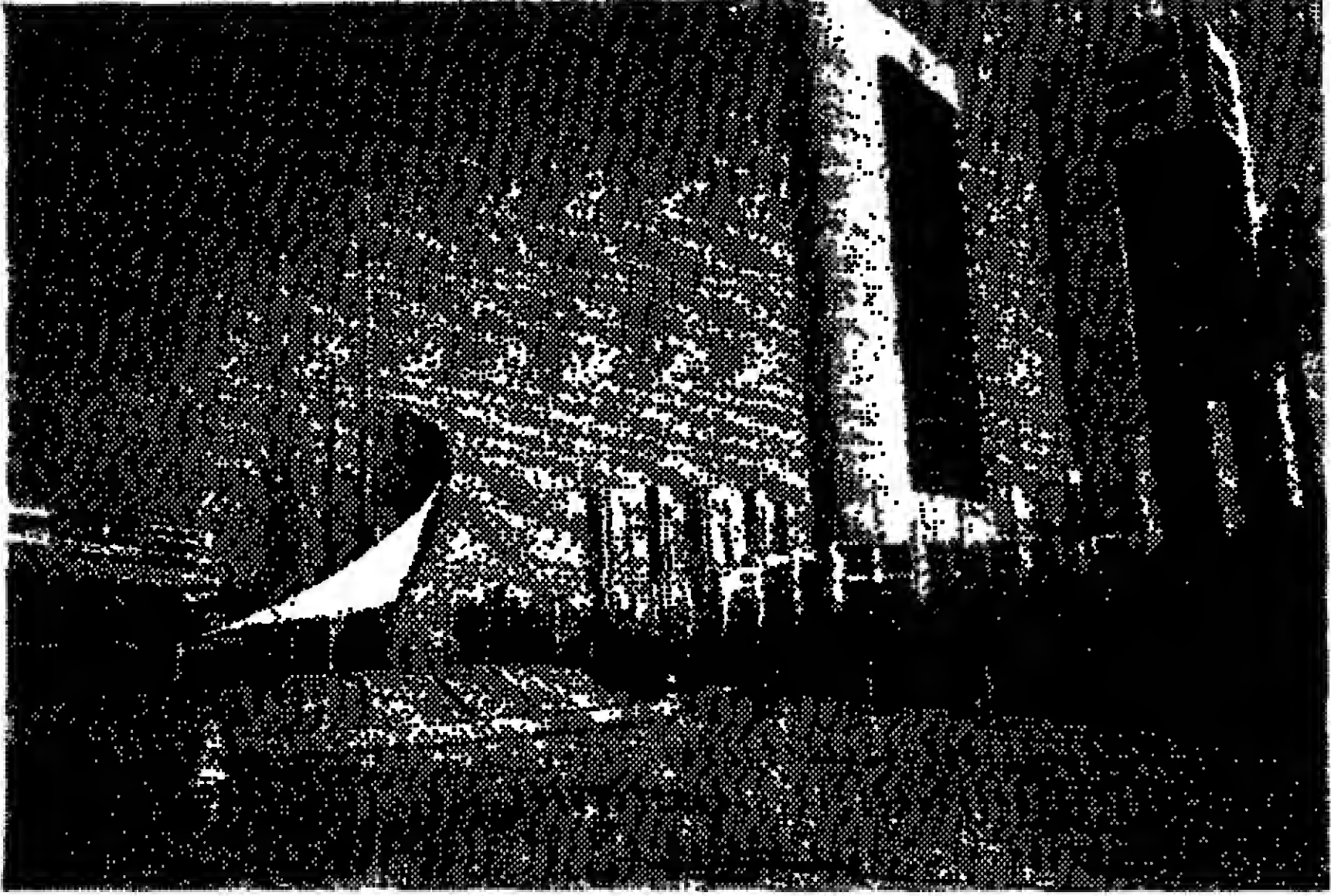
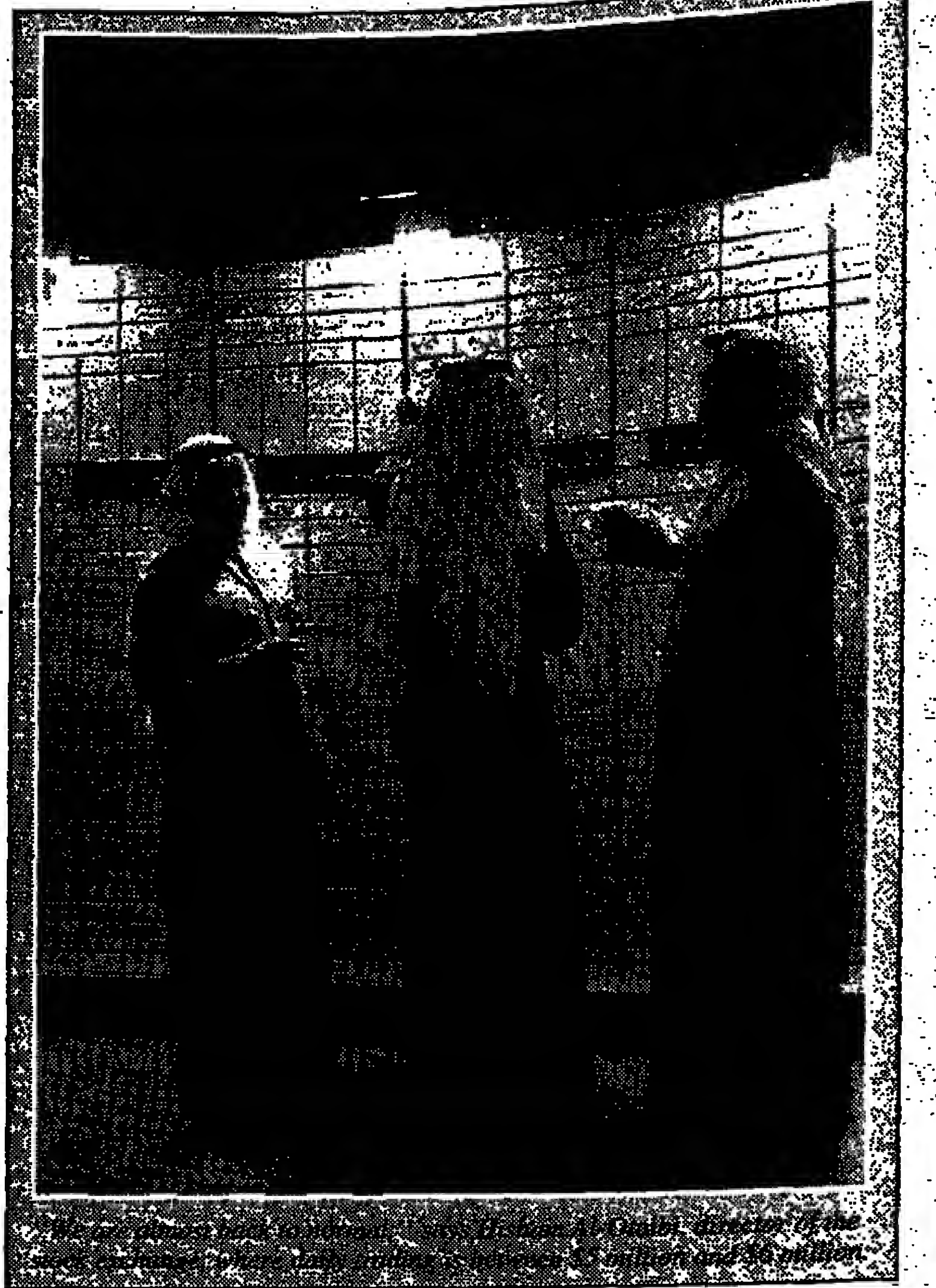
The banks are also suffering from a further batch of debts as a result of losses and claims resulting from the Iraqi invasion. The banks are receiving only 5 percent from the debt bonds but are paying depositors considerably more on their accounts, sometimes up to 9 percent, which is exacerbating their position. Sheikh Salem Abdul-Aziz S. Al-Sabah, the governor of the Central Bank, who threatened to resign over the debt issue, says some banks must learn to manage their operations correctly: "We have to reduce the financial cost to the government. Our main objective has been to protect the rights of depositors and not to allow banks to make a profit out of the situation."

The government's strategy is to encourage mergers among the weaker banks and financial institutions. "We are having continuous discussions about merger proposals. We also have the question of foreign banking operations in Kuwait under constant study. I think that would be a good thing, but we must first put our own banking houses in order and prepare the groundwork to prevent

unfair competition," Central Bank Governor Al-Sabah says. He adds that he would support foreign joint-venture banks and that there had already been a request to change banking and investment legislation to permit such operations. He confirms that no official approaches have been made to the bank about other mergers.

There is open discussion, however, about a merger between Burgan and the Bank of Kuwait and the Middle East (BKME). Gulf Bank is also sometimes linked with Burgan. Other merger talk involves the "Ks" — the various investment institutions that are owned by or have majority government shareholdings. These include Kuwait Foreign Trade and Contracting Co. (KFTIC) and Kuwait Investment Co. (KIC).

One leading Kuwaiti banker believes that mergers will not solve the problems facing the financial sector. "I think we are going to have a very tough time ahead for the next three to five years unless something really drastic is done. We have to finalize these debt problems. They have to be taken off the banks' books; they have to be written off once and for all so that we can make a clean start again." Unless action is taken, he says, the assembly and government could argue for years about what should be done. "Unless something is done, there will be no confidence and no real economic activity." His was a view shared by many, including the governor of the Central Bank. M.F.



Safat Square, part of the banking center. Several mergers are on the horizon.

one that is "genuinely profitable," according to a recent study by Middle East Economic Survey. "Our results will be better than in 1991," comments an executive of the bank. NBK, the only Kuwaiti bank that continued full operations through its London branch during the occupation, was in January granted a full license by the Bank of England to change its London branch into a parties — Brazil, the Philippines and

India. "This year we shall try to concentrate on more sophisticated activities and develop our merchant banking side. We are already talking to Kuwait Oil Company, the Ministry of Power and Water and other agencies with proposed big capital projects," Mr. Al-Sabah says.

Three of Kuwait's six other commercial banks are expected to be in the red for 1992, and there is much talk of mergers. Already Kuwait

Privatization of Telecom System Now in Progress

The most talked-about financial issue in Kuwait these days, apart from the debt settlement program, is "privatization."

The government has agreed to divest itself of almost all its majority and other shareholdings in various utility companies, service organizations and some investment and banking institutions. It is also opening the door for direct foreign investment.

A decree was issued in July 1992 giving the go-ahead for the privatization of Kuwait's telecommunications system. A new publicly quoted company will be launched, probably about the middle of next year. The government will still retain 49 percent of the shareholding, but 25 percent will be offered to a foreign company that will provide the management and expertise for the

new company. This new company will have an initial capital of 155 million Kuwaiti dinars (\$515 million).

"Telecommunications is a very specialized, fluid and dynamic field that needs fast decision-making and continuous upgrading of services and systems," comments Abdul Aziz A. Al-Ayoub, undersecretary at the Ministry of Communications.

He believes the prospects for making it a profitable venture for the investor are very positive: "With more added-value services you can make a lot of money." Kuwait's telephone lines are heavily subsidized, and local calls are free. Private rental is \$100 a year, and the commercial rate is \$233.

Coopers-Lybrand has been studying the telecommunications market for the ministry and has suggested introducing gradual incremental charges and metering in the future to enable the new company to operate on a commercial basis. "It is very important that we make the most of this venture and succeed, otherwise we may end up like one of the Social-ist-run companies," comments Mr. Al-Ayoub. The main problem facing the impending privatization of the telecommunications sector is substantially reducing the ministry's labor force, which now totals 5,400.

Telecommunications is one of the fastest-growing sectors in Kuwait. But with a much-reduced population, the network is being reexam-

ined. According to Mr. Al-Ayoub, there are now 600,000 lines in place, "but we only really need about 350,000." A major upgrading program is being carried out, however, and Kuwait will have 100 percent digitization by 1995. Ericsson has already won a contract to provide 100,000 digital lines and switching.

One of the biggest growth areas since liberation has been the installa-

Reduction in workers is a difficult necessity

tion of mobile telephones. "This has been a real success story," says an AT&T executive in Kuwait, where more than 35,000 mobile phones have been installed, together with more than 70,000 radio pagers. Kuwait Mobile Telephone Systems hopes to have 250,000 customers within the next three years. MTE has ordered 50,000 mobile sets from Ericsson Radio Systems, and the last 20,000 are being installed along with a switching system for the service. Demand currently outstrips supply. The government has allowed other equipment manufacturers to provide terminal units, greatly increasing competition in the private sector.

Bids for four earth stations at the Umm Al-Aish complex are also being evaluated in a move to replace and augment those damaged and destroyed by the invasion. Contracts are said to be worth around \$40 million, but the Ministry of Communications will ask companies to re-submit tenders because they are "over-engineered" and too costly.

Other activity includes completing cable and fiber-optic networks started before the war. Taking all this into account, the privatization of the telecommunications sector should attract growing international interest.

Privatization of other areas — health care, transport and electricity — is also being considered. Privatization has the full blessing of Sheikh Salem Abdul-Aziz Al-Sabah, governor of the Central Bank. At a seminar on privatization in December 1992, he said that privatization was a positive encouragement for economic activity in Kuwait but would involve some difficult decisions over the reduction of manpower. "Kuwait needs to learn both from the successes and failures of other countries and accept that although the transition from government-owned enterprises to privatization will be challenging and rewarding, it will, of necessity, involve some painful decisions."

These would also include some of the special advantages and subsidies given to employees and customers of some of these organizations. Sheikh Salem said that the Central Bank and the Kuwait Investment Authority (KIA), which is selling off some \$30 billion of its local investments, would develop a unified strategy for privatization with the newly formed Kuwait Privatization Consortium. This includes the U.K.-based Adam Smith Institute and the Strategic Investment Forum, which is collaborating with Credit Suisse First Boston, KPMG Peat Marwick and a number of local investment bodies. M.F.



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ERICSSON

Insurance Sector Looks at New Coverage

Kuwait's insurance sector has been gaining ground lately, partially as an unfortunate consequence of the country's high rate of road traffic accidents. Kuwait Insurance Company (KIC), for example, paid out motor accident claims amounting to 2.1 million Kuwaiti dinars (\$7.1 million) for 1990-1991.

KIC's total gross premium income for all forms of underwriting amounted to more than \$60 million in 1990-1991, and Ali Hamad Al-Bahar, KIC's deputy general manager, expects a similar figure for 1992. Net profit for 1990-1991 was \$35 million, of

which a mandatory 10 percent must be paid to the Kuwait Foundation for the Advancement of Science.

KIC, established in 1960, is the oldest insurance company in the Gulf and also the largest in Kuwait in terms of total as-

sets, which amounted to \$297.5 million in 1990-91. The company is almost 100 percent privately owned, with the Kuwait Investment Authority having a very minor shareholding. Its core business has been general accident, which includes marine and

oil. Life insurance was introduced only three years ago and has been rapidly building up to become the second-largest source of premium income (\$14.8 million in 1990-91) after general accident (\$26.8 million).

KIC's clients include the main oil and petroleum companies in Kuwait. Mr. Al-Bahar believes that oil-sector underwriting will play an even more important role during the next three or four years. Since the liberation, KIC has been the leading insurer for the reconstruction and rehabilitation work through underwriting contracts. It also underwrites major defense contracts for the government.

With a much-reduced population and slow business activity, the overall premium income has been much lower than prior to the invasion. This has meant a major reduction in staff to 160 and branch offices to 10. Of the approximately 80 percent of the overall market held by local insurance companies, KIC accounts for 30 percent. KIC also has a 10 percent holding in the Kuwait Reinsurance Co., which is owned by banks and insurance companies. M.F.

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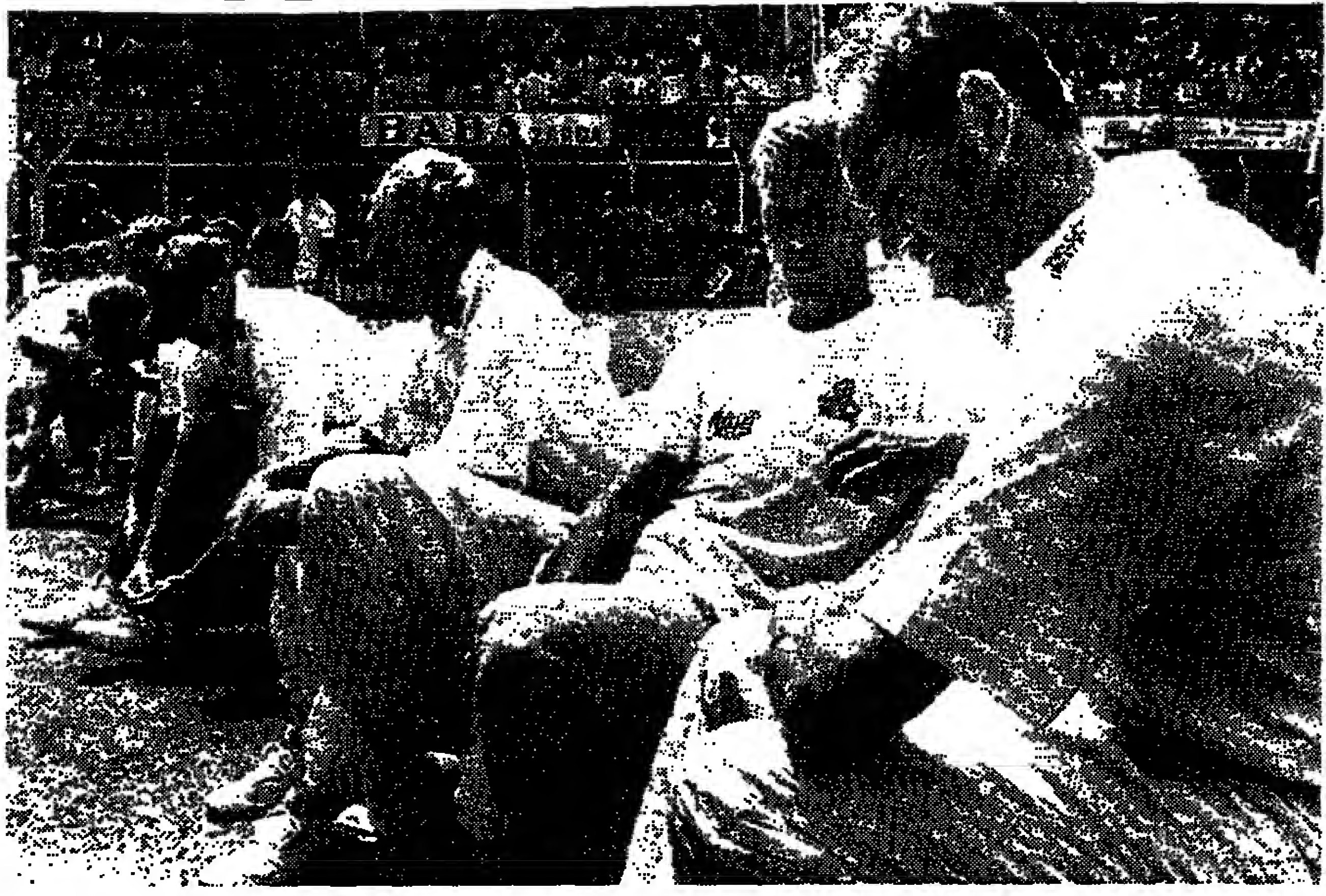
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سركا من الامم

SPORTS SOCCER

In India, Red Faces For England

Captain Graham Gooch and other members of England's cricket team sat dejectedly at the prize ceremony Tuesday in Bombay after India had won the third and final Test by a resounding innings and 15 runs for its first sweep of a series against the country that had taught India the game in the last century. Followed one-sided victories by eight wickets in the first Test and by an innings and 22 runs in the second test, the tabloid newspapers in London had already called out the bad news headlines "Captain Calamity," screamed the Daily Mail, while the Daily Express blared, "Simply the worst."



AP/WIDE WORLD

André Is Bigger Than Life, Even in Death

By Chris Dufresne

LOS ANGELES — In the modern fable, the giant is felled not by a slingshot or a squadron of fighter planes, but by his heart. Imagine that, a muscle taking André Roussioff down.

He was André The Giant in life and thereafter, a wonder of the world and sometimes an imposition on the rest of us down below. When he laid his head down for the last time Jan. 27 in Paris, 12 days after he buried his father, André might have thought his burden over.

No more stooping through doorways, no more slack-jawed gapes at the sight of his huge head and hands, no more children running in fear.

No more business trips to undersized Japan, of all places, to pick up his oversized tailor-made clothes.

No more shoes, size 26.

Yet, André would pose problems even in death. When they finally bustled down his hotel door in Paris to discover André dead, at age 46, of an apparent heart attack, the next thought was what to do with him.

The Giant instructed in his will that his body be cremated within 48 hours, the ashes to be sprinkled over his 200-acre (80-hectare) ranch in Ellerbe, North Carolina.

André was born in Grenoble, France, spoke fluent French, wolfed down seven-course gourmet meals like appetizers, washed it all down with vats of expensive Burgundy but, in the end, his own country could not accommodate him.

The phone call, from France, rang at the Ellerbe ranch. The voice insisted there was not a crematorium large enough to handle The Giant, who probably weighed 530 pounds (240 kilograms) at time of death.

Could someone please come get The Giant?

Jackie Bernard, a longtime friend who lived at the ranch with his husband, Frenchy, flew overseas to arrange transport of André's body back home to North Carolina.

There were no complications at the airport, although there was a time when even the planes were afraid of André. Frank Valois, André's caretaker during The Giant's barnstorming days in the 1970s as the world's most famous professional wrestler,

remembers that chartered flights were often grounded when André stepped on the tarmac.

"Most of the time they didn't even want to take him," Valois recalls.

The plane took André this time. The last time.

André the Giant was cremated in North Carolina on Feb. 11, more than two weeks after he had requested.

Lucky for us, André was always a patient man.

"It's a good thing he didn't have a temper," Valois says, "or there would have been a lot of accidents."

In the final months, The Giant moved with great difficulty, having buckled under his own weight. He suffered from acromega-

lism, a disease in which the body secretes large amounts of the growth hormone, causing continual growth to the head, hands and feet.

André the Giant, who towered above most at nearly 7 feet (2 meters), walked with a stoop near the end. He had undergone surgery in 1986 to relieve pressure to his weakened spine. To perform the procedure, surgeons in England had to construct oversized instruments.

Terry Funk, an all-time great in pro wrestling, toured Japan with André last November.

"He was in a great deal of pain by then," Funk remembered.

André had shown Funk the X-rays of his recent knee surgeries.

"They had taken out huge chunks of bone," Funk said. "I mean chunks."

André, a man of moods, was at times a loner, especially near the end. He never married. A 13-year-old daughter he fathered was never discussed.

Because of his disease, doctors estimated André would not live to 50. To some, it

explained The Giant's unfathomable ability to consume alcohol. His fate sealed, it was speculated, André drank to numb the reality. Except that when André stepped to the bar, reality never stood a chance.

Once, in the 1970s, Funk pulled up a bar stool next to The Giant.

"I swear he drank 100 beers one night in Amarillo, Texas," Funk said.

Frenchy Bernard, André's closest friend at the time of his death, testifies he saw The Giant drink 72 double shots of vodka at one sitting.

Then, he stood up.

"And walked straighter than hell," Bernard said.

Another time, André did not get up. It has been told that he passed out in a hotel lobby

television," André once told a writer. "I understand why they do this but it is a sad feeling for me, even so."

During his heyday in the 1970s, when he was the most famous wrestler in the world, a label he would later surrender only to Hulk Hogan, André was earning an estimated \$400,000 per year. He was an international celebrity.

He was a good enough athlete to have received a tryout offer from the Washington Redskins. André declined, apparently unwilling to take a pay cut. Although he never lifted weights, his strength was awesome.

"I would say he was the strongest man in the world," Valois said. "You won't believe this, but one time a guy had a flat tire and André just lifted the car up while he changed the wheel. It wasn't a big car, but still, it was a car."

André transcended the sometimes strange world of pro wrestling into the mainstream. He appeared on "The Tonight Show," "The Six Million Dollar Man," and other shows.

André most cherished his performance as "Fezzik," the kindly giant in Rob Reiner's 1987 film "The Princess Bride."

André carried a videotape of the movie when he traveled.

On his November trip to Japan, a country in which he was worshiped, the Giant screened several showings of "The Princess Bride."

"He loved that movie," Funk said. "We'd watch it every third day. And everyone watched the movie. You didn't say no."

André was an anomaly in professional wrestling in that most of the incredible stories about him were true.

Yes, he really could pass a silver dollar through his ring.

While other wrestlers changed their names and concocted outlandish personal histories to hone their images, it was enough for André to walk into a ring in his bikini wrestling briefs.

Friends of André are planning a memorial service at the Ellerbe ranch. Many wrestling contemporaries are expected to pay tribute.

Frenchy Bernard would not be specific about a date for fear of attracting unwanted visitors.

André's life might have seemed a circus. But his death would not.

André was born in Grenoble, France, spoke fluent French, wolfed down seven-course gourmet meals like appetizers, washed it all down with vats of expensive Burgundy but, in the end, his own country could not accommodate him.

In 2 World Cup Qualifiers, The Core of FIFA's Quandary

LONDON — Who on earth puts such mischief into soccer's timing that, this Thursday, FIFA will finger the Rubik cube of sport, trying to decide when and where an athlete's country has greater claim on his time than the club that pays his salary.

Less than 24 hours earlier, in Lisbon's Stadium of Light, a repatriated Portuguese will have gotten his chance to shoot down the team from Italy, a country whose overabundance of foreign players is another great FIFA puzzle.

Paulo Futre has the skills to bewitch opponents, the quixotic character that destroys the peace of mind in his employers. He conjures from the air a goal that defies the mechanics of time and motion; he squanders opportunities with the abandon of throwing away cigarette butts.

And he does smoke, even in the dressing room, according to Luis Aragones, who, until last month, was responsible for trying to coax reliability from this little, mesmeric player.

One moment, both star and manager were in the pay of Josè Gil, the monstrous president of Atlético Madrid. The next they were gone in puffs of smoke.

For six years, outlasting the cosmopolitan glut of managers passing through Gil's revolving door, Futre was his paymaster's plaything. Now, just when "Don Jesus" Gil needs popularity the most as he attempts to glide from his Marbella mayor's office to Spain's prime ministerial suite, he loses his pet performer.

True, Atlético reaped some \$5.7 million from the sale of Futre. True, the head of Portuguese state television lost his job for providing tax payers' money to finance Futre's move to Benfica. True, there is trouble with the Ministry of Defense, because the law says that Futre, like all 27-year-old sons of Portugal, must do his military turn.

But Gil will be brooding for himself. How unfortunate that the gifted one on whom he lavished so much gold should desert him while Gil is running for election (though running is not the term associated with Marbella's round king of real estate).

Aragones had tried to make it sound as if he was doing a favor in relieving him of a prima donna whose nicotine dependency was "the least of the things which make him less than the perfect professional." But the thanks Aragones got, not for the first time from Gil, was his own dismissal.

Futre, meanwhile, quickly finds a new cause, as gifted performers do in these days of overcrowded fixtures and callings. He holds the key to Italy's World Cup qualification, which, after its own Machiavellian sappings, splutters nervously under the new manager Arrigo Sacchi.

Sacchi tinkers. He fails to meld the Dutch ideals of freedom with those of responsibility — bought for him at A.C.Milan — inside Italian blue shirts.

Both Italy and Portugal need points if they are to catch up with the group leader, Switzerland. But what if Italy's light dims again in Lisbon?

Italian voices say it can't happen, that an American World Cup without Italy is unthinkable, that a little

persuasion to a referee or an opposing player would, if necessary, guarantee the passage.

We, of course, would never believe such skulduggery. We know, do we not, that bribery is all in the imagination of fading rumor mongers.

What we don't know is what will be in the hearts and minds of Futre and his countrymen Rui Barros, Rui Aguiar and Jorge Pinto. If they fear the Italian's reputation, they might shrink from the joy of beating them; if they become inspired, then Italy's nerve is in for another strain.

That would feed the Italian self-doubt, the paranoia about Italian growth and confidence withering under the weight of imported "straniero."

As I see it, the fragility of Italy's national team of late is in midfield and defense. But the mass of imports are strikers, so why have Italy's defenders not improved playing week in, week out against the league of nations of goalscorers?

In central defense, Italy had to persuade Franco Baresi to come out of retirement. Now he is suspended, the replacement is a war horse of similar vintage, Sampdoria's Pietro Vierchowod.

Vierchowod, in his time, was a fearsome stopper, a brute of a tackler. But he is fast approaching 34, and with Aguiar to contain, and Futre snaking through from behind, Vierchowod's lack of speed might prove vulnerable.

Conversely, Italy chops and changes a veritable wealth of forward potential, searching for a blend. On Wednesday, Beppe Signori will be darning from behind Roberto Baggio and Piermario Corsi. That means there will be no place for Roberto Mancini — an alternative strike force that most nations would covet.

PERHAPS THOSE who claim that foreign players stunt the athletic growth of Italians are making excuses? Perhaps the real backlash is to be felt in Utrecht, on Wednesday, where Ruud Geelj is determined to lead a Netherlands revival by making Turkey pay for his recent inactivity as a wasting Milan asset.

His younger compatriot, Dennis Bergkamp, has just negotiated a new kind of player power. Bergkamp's agents pulled out on a deal that would have taken him to Juventus this summer and instead sold him to Inter Milan, whose president, Ernesto Pellegrini, promised Bergkamp that he will start every match for which he is fit, and that Inter will adopt the style of the Dutchman's present club, Ajax Amsterdam.

Interesting, Inter's coach, Osvaldo Bagnoli, did not, on Rai TV, appear to endorse those pledges, though, as we all know, coaches are dispensable. What the president cannot order is for opposing sides to stand back and allow the freedom so prevalent in the Dutch league.

Maybe next year's FIFA meeting will be at the behest of club owners and national federations pleading for time to prevent players playing too much. The administrators are in a fix and they know it.

"We need time," said a FIFA lawyer last week. But time, in a schedule bloated by soccer's own success, is beyond our creation.

It is like asking men to fly. Eagles do it, and Lisboners say Futre is, on a good flight, the eagle of the Stadium of Light.

Rob Hughes is on the staff of the Sunday Times.



Rob Hughes

PEANUTS

WELL, I IMAGINE THE REASON YOU CAN'T THROW A SNOWBALL IS YOU DON'T HAVE ANY HANDS.

OF COURSE YOU COULD ALWAYS JUST "WING" IT!

HAHAHAHA

2-24

CALVIN AND HOBBS

HERE ARE YOUR TESTS. YOU MAY BEGIN.

CAN I GO GET SOMETHING FROM MY LOCKER?

WHAT DO YOU NEED?

I CAN'T TELL YOU.

THEN SIT AND DO YOUR TEST.

YOU'RE STROLLING. IT WOULD BE A GREAT SURPRISE FOR THE CLASS!

IT WOULD BE A GREAT SURPRISE FOR ME IF YOU JUST GET TO WORK.

2-24

DENNIS THE MENACE

I WAS TEACHING JOE HOW TO SHAKE AND THE NEXT THING I KNOW, THE COOKIES WERE ALL GONE!

BLONDIE

WE'VE MISSED MY BUSINESS YOU AT OUR TAKES UP SO BEHIND GAMES. MUCH OF MY TIME THESE DAYS.

BUT I'VE MISSED ALL THE JUICY GOSSIP... DIVORCES... MONEY PROBLEMS. WHO'S FEELING?

HAVEN'T YOU MISSED PLAYING BRIDGE?

OF COURSE, BUT NOT NEARLY AS MUCH AS THE OTHER THINGS.

2-24

WIZARD OF ID

HOW DO YOU FEEL ABOUT THE ALLEGED SEPARATION OF CHURCH AND STATE?

IF A CHURCH WISHES TO AFFILIATE ITSELF WITH A GROUP WHO...

BREAKS PROMISES... BOUNCES CHECKS AND TAKES BRIBES.

...THAT'S THEIR BUSINESS.

2-24

JUMBLE

WULAF

CLEEX

GOUTUD

HODRIC

Answer Here: A

Yesterday's
Jumble: HEDGE LOOSE LEAVEN AROUND
Answer: Something every good gardener has, but not in the house — A HOLE IN ONE

BEEBLE BAILEY

I WONDER IF I SHOULD GET A FACE-LIFT

YOUR FACE IS FINE, SIR, IT DOESN'T NEED A LIFT

YEAH, I THINK YOU'RE RIGHT

WHAT HE NEEDS IS HIS EGO LOWERED

2-24

REX MORGAN

WE WERE WORRIED ABOUT PETER, SPIRO... IS THERE ANYTHING WE CAN DO?

NO, COSMO... JUNE IS TAKING GOOD CARE OF HIM. HE'LL BE HOME IN A DAY OR TWO.

THEN WE MUST SHOW MISS GALE OUR APPRECIATION...

YOUR MEALS TONIGHT ARE ON THE HOUSE!

2-24

DOONESBURY

WELL, THAT ABOUT DOES IT. I JUST NEED YOUR GEAR-TURE, MAN.

YOU GOT IT.

THANKS FOR HELPING ME SING MY SING, ANYWAY YOU WERE A BIG HELP.

HEY, NO PROBLEM, MAN.

TAKE CARE.

NICE MEETING YOU, MR. TRONESBURY?

SAME HERE.

2-24

GARFIELD

ARLENE, DO YOU MIND IF I DO SOMETHING IMPETUOUS?

GO AHEAD.

BARK! BARK! BARK!

2-24

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سكننا من الاجل

SPORTS



VICTORY DANCE — Stefania Belmondo of Italy, between Elena Valle of Russia and Marjut Rolig of Finland, beat Larissa Lazutina of Russia by four-tenths of a second Tuesday in the women's 10-kilometer cross country pursuit at the World Nordic Ski Championships in Falun, Sweden.

Boggs Reports Early to Yankees' Camp

The Associated Press After 11 seasons with the Boston Red Sox, Wade Boggs has put on the New York Yankees' pinstripes for the first time. "It's nice to feel wanted again," Boggs said Monday after working out two days before the regulars were asked to report to Fort Lauderdale, Florida.

contract with the Texas Rangers. It's also below the \$4 million John Franco will average over the next two seasons with the New York Mets and that Duane Ward will average during the next three seasons with Toronto.

SIDELINES

Injuries Idle Becker, Lendl, Sampras ROTTERDAM (Reuters) — Boris Becker, the top seed and reigning champion, and No. 3 seed Ivan Lendl have pulled out of the ABN AMRO indoor tennis tournament because of injury, the tournament manager, Wim Buitendijk, said Tuesday.

For the Record Colin Montgomerie was fined \$1,450 by the PGA European Tour for calling last week's Moroccan Open "a bit of an amateur sham."

Quotable Chuck Tamer, a former major league manager: "You can have money stacked to the ceiling, but the size of your funeral is still going to depend upon the weather."

SCOREBOARD

Table with columns for Hockey (NHL Standings), Basketball (National Basketball Association), and Baseball (Transactions).

Rank Insults, Upsetting Behavior Kansas, Pitt, Tulane and UNLV All Beaten on the Road

The Associated Press Pitt was the pits and Tulane was terrible. Kansas ran into a team on a hot streak at home and UNLV was upset in front of its former coach, Jerry Tarkanian.

College Basketball coach Perry Clark. "They just gave us a solid whipping." Idris Jones scored 25 points and UC Santa Barbara upset No. 13 UNLV, 86-83, as Tarkanian watched from behind the Santa Barbara bench.

Benching Upsets O'Neal and Johnson

By Mike Freeman SALT LAKE CITY, Utah — Shaquille O'Neal's father has criticized Pat Riley for limiting the playing time of the high-profile rookie in the National Basketball Association's All-Star Game.

Johnson didn't get off the bench in the fourth quarter or the five-minute overtime period. Since 1975, only nine All-Star starters from either conference had seen as little time as Johnson did.

Lewis to Fight Tucker, Probably in Las Vegas

The Associated Press NEW YORK — Unable to come to terms with Riddick Bowe for a heavyweight unification bout, WBC champion Lennox Lewis has signed a contract for a mandatory defense against Tony Tucker.

Transactions CHICAGO — Acquired Troy Murray, center, from Washington for Steve Scazzafava, defensive center, and an unspecified 1993 draft pick.

The Airbus controversy World currency tension Airlift to Bosnia Middle East peace process Religious strife in India ... news events which affect all our lives. Shouldn't you be following them daily in the IHT? BEAT THE DEADLINE! Rates go up April 1st. Subscribe 48% off the newsstand price.

Various sports news snippets including basketball, soccer, and tennis updates.

POSTCARD

Back to Piano Rolls

By Lindsey Gruson
BUFFALO, New York — Long after the last musician is dead and forgotten, live music will still soothe heavy hearts. So on behalf of musically deprived generations yet to come, it is time to pay tribute to QRS Music Rolls Inc., the United States' oldest and largest manufacturer of music rolls — the perforated sheets that are the brains, and hands, of player pianos.

QRS now has 80,000 player-piano enthusiasts on its mailing list and last year sold more than 200,000 rolls of music, said Ann Jones, the company's office manager.

Getty Pays Record Sum For Turner Painting

LONDON — The University of London has sold a painting by J. M. W. Turner to the J. Paul Getty Museum in Malibu, California, for \$11 million pounds (\$16 million), the highest price ever paid for a painting by an English artist, according to a university spokesman. The sale is subject to the government granting an export license.

Proceeds from the sale of "Van Tromp Going About to Please His Masters," painted in 1844, will be used to finance the upkeep and refurbishment of the college's 900-room founder building, according to the university.

Paul Bowles: Quieter Days in Tangier

By Rose Tempest
Los Angeles Times Service

TANGIER — Shrunken with old age and hobbled by a painful nerve ailment in his hips and legs, Paul Bowles still manages a smile when he recalls the scorpion hunts years ago in the sub-Saharan countryside. "Scorpions build holes in the roots of palm trees," the American novelist and composer recounts fondly. "My driver and I used to hunt them in October with sticks. We wet the ends of the sticks with saliva and stuck them in the holes. You could feel it when the scorpions took hold — like lobsters — and you had to pull them out quickly or you would lose them." With a set of nail clippers, Bowles would snip the tiny barbed spines off the scorpion's furled tail. His chauffeur and companion in scorpion "fishing," a Moroccan named Tamsamani, would then tuck the now-harmless arachnids in his coat.

After both men returned to the port city of Tangier, Tamsamani would casually slither into a chair next to a friend in one of the big Spanish cafes in the old quarter. "Here, I have something for you," he would say, reaching into his pocket and encouraging the unsuspecting friend to hold forth his hands to receive the surprise: Voilà! Several large, wriggling, frantically striking scorpions, deadly when armed. Shrieks from the terrified recipient. Tables overturned in horror and desperate retreat.

Howls and more shrieks from those at neighboring tables. Delivered in clinical detail with the precise diction of a master linguist, the story seems positively chilling, although to Bowles it is clearly just good fun.

Catching the Saharan scorpions was only the beginning of the fun for Bowles, whose insatiable repertoire of pranks also included secretly doping his friends' food with cannabis jam and watching them freak out. Indeed, his is the kind of practical joking that Edgar Allan Poe or H. P. Lovecraft might have enjoyed.

But the author of "The Sheltering Sky" and other haunting stories of North Africa has long been renowned for his taste for the bizarre. And nearly half a century after he moved to Tangier, that taste is still intact. Meeting Bowles now, still elegant but of ten bedridden with scapula, is much like entering a museum of American literature and music of the 1940s and '50s. At 82, he has been the resident guru for several generations of American writers, ranging from Tennessee Williams to William Burroughs. With Bowles and his wife, the late novelist and playwright Jane Auer Bowles, as the beacons, Tangier became a



Author Bowles in 1952: He was the resident guru for generations of writers.

regular port of call for expatriate artists fleeing the doldrums and persecution of the Eisenhower-McCarthy era back home. Inspired by Bowles' thematic fascination with native witchcraft and sexual violence, most of the tales that oozed out of the Tangier literary circle — including "The Sheltering Sky," resurrected as a 1991 film by Italian director Bernardo Bertolucci — had strange, twisted plots. Williams used the nearby coastal town of Asilah as the setting for "Suddenly Last Summer," his play featuring ritualistic cannibalism. Burroughs' hallucinogenic novel, "Naked Lunch," was set in a Tangier male brothel.

Except for Bowles, however, literary Tangier is dead. Its labyrinthine alleys in the medina — the old city where Burroughs and his friends, the fellow writers Allen Ginsberg and Jack Kerouac, once cavorted — have been cleansed of their most overt vices by the Moroccan government. After an incident in 1957, in which one of Bowles' friends was jailed after being accused of seducing a 14-year-old German boy, the newly independent government began monitoring illegal sexual activities in the expatriate community.

For many years, Bowles, always careful not to mention Morocco by name in his books for fear of wearing out his welcome, found it increasingly difficult each time he went to the local police station to renew his annual carte de séjour. "The police used to be very snotty to me," he says now, his voice revealing a hint of pride — the pride of a man who never wanted to be accepted by authority. "I found it very difficult to get my annual permission to live here. Once it took 22 months. One policeman told me, 'Monsieur Bowles, vous êtes ici depuis trop longtemps' ('You have been here too long'). But in recent years, the pressure on Bowles to leave Tangier has eased. Proof of his acceptance as a cultural monument is that the latest slick coffee-table book on Tangier, distributed to visitors as a gift by the governor of the province, features a picture of the author, dapper in a necktie and tweed jacket, working at his typewriter at the American School of Tangier. Although he has not written stories for years, Bowles — an accomplished composer before he took up novels and travel writing — annually writes the score for the theatrical performance at the 270-student school. Still, Bowles spends most of his time these days in the tiny bedroom of the fifth-floor apartment where he has lived for 40

years. Occasionally, he says, he still smokes kif, the Moroccan concoction made from the tender leaves near the flowers of the marijuana plant. Next to his bed is a round table stacked with a few books, letters, doctors' prescriptions and bottles of medicine. The only window in the room is shrouded by a thick blue curtain that permits just a sliver of outside light.

Bowles says he has found it very hard to stay warm in recent years, even in the temperate climate of North Africa. (According to the biographer Michelle Green, who wrote the book "The Dream at the End of the World: Paul Bowles and the Literary Renegades in Tangier," Gertrude Stein once described Bowles as "delightful and sensible in summer, but neither delightful nor sensible in the winter.")

It was Stein, still holding court at the time in her Paris Left Bank salon, who suggested Tangier to Bowles as a creative place to write. He had visited there before — in 1931, in the company of his musical mentor, Aaron Copland. Sixteen years later he and his wife, who died in a Spanish mental hospital in 1973, moved there, and the legend of Tangier's postwar exodus began.

As though preserved for decades in Morocco's desert climate, Bowles' recollections are spiced with first-name references to "Tennessee" and "Aaron" and "Truman" — as in Capote, who wrote some of the more vivid descriptions of life during the town's literary heyday.

It is the memory of Capote that stirs Bowles' recollection of the scorpion hunts. Bowles had never liked Capote and never forgiven him for describing expatriate American writers as being "among the planet's most pathetic tribes, sadder than a middle of homeless Eskimos starving through a winter night seven months long." Bowles has no telephone, so one either writes him for permission to visit or, more often, simply shows up.

Despite a bitter rejection of his homeland, years of experimentation with hallucinogenic drugs and frequent sorties into local witchcraft and mystic cults here, Bowles has never lost the gracious good manners of his middle-class upbringing on Long Island, New York. By all accounts, he receives each of his visitors, even from the most sensational of the British tabloids, with equal hospitality.

Even before the Bertolucci film starring John Malkovich and Debra Winger as Port and Kit Moresby — the ill-fated couple whose relationship closely matched that of the Bowleses — Paul Bowles' apartment had long been a pilgrimage point for historians, documentary filmmakers and journalists seeking a glimpse of a literary dinosaur.

Politics and Publishing Take Two-Way Street

In an unusual arrangement with two publishing houses, James Carville and Mary Matalin — the odd couple of politics — are going to write a book together about the 1992 presidential campaign. The deal still awaits the signatures of Carville, who worked for President Bill Clinton during the election, and Matalin, who worked for former President George Bush. Although they are a couple, they decided to get their separate ways until the presidential campaign ended. Their book deal gives Simon & Schuster and Random House publishing rights for both hardcover and paperback editions.

Columnist Russell Baker will succeed longtime host Alistair Cooke on the Public Broadcasting Service series "Masterpiece Theatre." Baker, 67, will take over in October from the 84-year-old Cooke, who retired last year after 22 years as host, saying it was time for "somebody young, new and frisky." Baker, who will continue to write his "Observations" column for The New York Times, said: "May the gods of television be merciful."

Hillary Rodham Clinton came to Washington and changed her name. Marilyn Quayle changed hers when she left Barack home in Indiana, where she is a partner in a law firm. Quayle has added her maiden name to the name Marilyn Tucker Quayle appeared on a news release issued by the firm on her appointment.

Alex Haley's "Roots" research papers and manuscripts go on public view this week, reopening the controversy over the authenticity of his major work. Haley, who wrote "The Autobiography of Malcolm X" and "Roots: The Saga of an American Family," donated most of the papers to the University of Tennessee a year before he died of a heart attack in February 1992.

Princess Diana is to make an official visit to Nepal next week, her first such trip abroad since separating from Prince Charles.

INTERNATIONAL CLASSIFIED
Appears on Pages 5 & 23

Weather forecast table for Europe, including cities like London, Paris, Rome, and Athens with temperature and precipitation data.

Weather forecast table for North America, including cities like New York, Chicago, and Los Angeles with temperature and precipitation data.

Weather forecast table for Asia, including cities like Tokyo, Seoul, and Hong Kong with temperature and precipitation data.

Weather forecast table for Africa, including cities like Cairo, Johannesburg, and Lagos with temperature and precipitation data.

CROSSWORD puzzle grid and clues for Across and Down sections.

Solution to Puzzle of Feb. 23, including words like SHEEN, SORA, PEB, and others.

BEST SELLERS list featuring titles like 'The Bridges of Madison County' and 'The Way Things Ought to Be'.

A VIOLENT ACT
By Alec Wilkinson. 225 pages. \$22. Knopf.
Reviewed by Donald McCaig
ALEC Wilkinson's "A Violent Act" is a scrupulous examination of a random murder, what led up to it, and the ferocious consequences. One Monday morning, at 8:05, Sept. 22, 1986, an Indianapolis probation officer, Tom Gahl, made a routine visit to an ex-conv to collect a urine sample for drug testing. When he got no answer to his knock, he returned to his car and sat for a moment before returning up the walk to give it one more try. Mike Jackson rushed from the house with a shotgun, wounded Gahl and as the officer begged for

his life, Jackson slaughtered him, then fled. During his flight, Jackson murdered again, kidnapped, stole cars, and finally went to ground in the countryside near Wright City, Missouri, population: 1,220. It is testimony to the power of Wilkinson's conception that the tremendous manhunt that finally brings Jackson to bay is the least interesting part of "A Violent Act."

A lesser book would explain Mike Jackson's act, would reduce what is truly shocking — the sheer unpredictability of his violence and, hence, the possibility that such violence might visit our lives or the lives of our loved ones. But Wilkinson is an unblinking writer and doesn't explain Jackson away by any of the usual labels. By Wilkinson's account, clearly something went haywire in Jackson's head, but it isn't clear when or what.

As a child, Jackson "liked to use his imagination to play and could occupy himself for hours. He loved animals and was frightened by the sight of his mother killing chickens for their table. As Mike grew older he began stealing, married, had children, frightened his wife away, and fell into the hands of the state. "Mike passed his year in confinement the way he passed most of the others: he lost control a few times and was punished; he answered questions from doctors and clinicians on matters such as how he was feeling and what he was thinking; he took tests intended to reveal aspects of his character; he played card games with other inmates; he was chatty at times, reclusive and withdrawn at others; he asked to be freed; he spent a certain amount of time in solitary confinement..." State

experts concluded that he was mentally ill and agreed with his mother that Mike was dangerous. After Mike was dead, his wife, Carolyn, said, "I loved him and I always thought I would have given anything in this world to sit down and talk to him and ask him what had happened, and if there's a hereafter I hope I have that chance."

The final chapter in "A Violent Act" focuses on the murdered probation officer's family; his wife, Nancy, and sons: Christopher, 8, and Nicholas, 4. In the fear, shock and grief of the murdered man's family, the wounds that violence leaves are all too apparent. For young Christopher, "The sameness of everything is a comfort. With so little changed in the house there is the sense that his father could walk through the door as if he had only been away on a trip." He "knows that pictures were made by the police of his father lying dead in the street, and there are times he wants to look at them, but he worries that the shock of seeing them will make him go crazy."

"A Violent Act" is journalism, very sophisticated journalism. But while it is courteous to let the reader draw his own conclusions, the welter of facts, the numerous quotations tend to blur and since the speakers sound so much alike, it is sometimes difficult to recall who is talking. Still "A Violent Act" is an important book, a dead honest look at how it feels at the wrong end of the gun.

Donald McCaig, whose most recent book is "An American Homeplace," wrote this for The Washington Post.

Large advertisement for AT&T USADirect Service, featuring a globe and the slogan 'Speed up the approval process.' Includes a list of international phone numbers and the AT&T logo.